

The complaint

Miss T, through her representative, complains that Black Horse Limited approved a car finance agreement for her which she could not afford to repay.

Miss T has also complained about commission, this will be dealt with separately.

What happened

On 11 May 2019 Miss T wanted to buy a car and using the Black Horse finance made available to her she did. The cash price for the car was £16,890 and the total to repay was £22,591 (I've used rounded figures). The monthly repayments were just over £321 (excluding extra elements Miss T added on which incurred a monthly cost) for 48 months with a final repayment of £7,181. The agreement was settled early in February 2020.

After Miss T had complained she received Black Horse's final response letter in February 2025. The complaint was referred to the Financial Ombudsman Service and one of our investigators considered that the agreement looked affordable when it was started and did not uphold the complaint.

The unresolved complaint was passed to me to decide. I am not being asked, or expected, to stand in the shoes of the Black Horse assessors when the agreement was approved and act as a lender: I am resolving a complaint about whether the approach taken by it was reasonable and proportionate.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

We've explained how we handle complaints about irresponsible and unaffordable lending on our website. And I've used this approach to help me decide Miss T's complaint. Black Horse needed to make sure that it didn't lend irresponsibly. In practice, what this means is that it needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Miss T before providing it.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship. But we might think it needed to do more if, for example, a borrower's income was low, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggesting the lender needed to know more about a prospective borrower's ability to repay.

I have reverted to the specific wording and detail in the FCA Consumer Credit Sourcebook (CONC) Chapter 5 on responsible lending to assist me in relation to Miss T's complaint. I do not set out the FCA wording here as Miss T's representative likely is familiar with that CONC chapter and I refer them to it for the detail.

When considering whether creditworthiness assessments were reasonable which is what the FCA require it to be, there are a number of considerations to guide Black Horse that the checks were proportionate: CONC 5.2A.20R and the subsequent paragraphs. It was not

expected that there was a full financial review of every aspect of Miss T's circumstances for the application unless there was something that alerted it to there being a potential issue.

Proportionality can be seen as doing reasonable checks within the full context of the loan application, what it was for and other details. I can't improve on some of the wording in the guide paragraph CONC 5.2A.21: *Certain factors may point towards a more rigorous assessment and others towards a less rigorous one in which case the firm should weigh up the factors before deciding what type of creditworthiness assessment is required.*

After Miss T's representative had received our investigator's view, it reiterated some of the points raised in her complaint letter – which included that she was a mother of dependent children on benefits and earning around £1,300 a month. Her income was not in the region of the figures that Black Horse used.

And I turn to the information received by Black Horse in May 2019 when Miss T applied: it was informed by Miss T was employed full time and had been for 4 years and six months and earned £30,000 a year which had been translated into £1,995 each month after tax. It looks like Black Horse checked that with her bank and it was reduced to £1,850 a month after tax.

Black Horse's records show me that a credit search was carried out and it was relatively favourable for Miss T. It showed that she had a total debt balance of around £3,003 and her worst record was a late repayment of '2' within the previous six months before her application to Black Horse. This was a relatively low debt balance and Black Horse did not appear to have been concerned about the one late payment record.

Black Horse used a figure for the monthly payment to revolving credit and non-revolving credit (accounts such as store and credit cards) of around £87 a month. It calculated Miss T's living costs as around £451 a month and total monthly costs were £838. That left Miss T after deduction from her net salary with a figure of £1,012. So Black Horse concluded that Miss T could afford the car repayments at £344 (which included some additional costs for the extras she'd chosen to add onto the agreement).

I've looked at Miss T's submissions. Starting with her income, there are several points relating to that. Miss T's representative has completed the required questionnaire for this Service and I am not sure what to make of that information as it says that her income was £2,000 a month (a figure she now says is much less) and that her rent was £1,900 a month. But these figures have not been substantiated with evidence. And it contradicts what Miss T is saying now – that she earned less – and I don't think this contradictory information would form a reasonable basis to uphold this complaint.

Miss T's representative has not given any explanation as to why Miss T declared the income that she did to Black Horse when now she says that income was very different to the declared figure. And although Miss T says that the dealer must have misrepresented the information surrounding her employment status and income, I've received no evidence about that. I can't reasonably conclude that was what happened. And the Black Horse check indicated that her income was around £1,850 a month.

If Miss T's income was much lower – more like £1,300 a month - then the car would have looked unaffordable. No evidence to substantiate that income figure or its source has been sent to us.

I've been sent a credit file report by her representative which post-dates the agreement start. Adverse credit data after the agreement is irrelevant to this complaint when I am being asked to consider the assessment done at the time the agreement started. Finally, Miss T has sent to us transaction lists relating to a savings account. These tell me very little.

There's no evidence to suggest that Miss T was pressured into signing any documents and I've seen nothing to indicate that Black Horse knew or ought reasonably to have been aware that Miss T was in the vulnerable state she describes herself to have been. I'm not wishing

to cause consternation with Miss T, but without evidence then I've no means to be able reasonably to conclude that her alleged vulnerable status was known to Black Horse.

Miss T has said that she had difficulty making the repayments but the details from Black Horse do not indicate that was the case. It has told us that one Direct Debit did not go through, but the instalment was paid on the subsequent attempt which likely was the same day as the original repayment date. And I say that because Direct Debit second rounds often take place on the same day.

I have seen the final statement relating to the car finance. On 7 February 2020 £16,959.09 was paid to Black Horse precipitating a rebate of £4,341 on the arrangement. The agreement was settled after nine months from the start.

I consider that Black Horse has provided evidence to demonstrate that it carried out proportionate checks. I'm satisfied that it had sufficient information to enable it to carry out a reasonable creditworthiness assessment. Miss T's submissions do not persuade me to think otherwise. I do not uphold the complaint.

I've also considered whether Black Horse acted unfairly or unreasonably in any other way and I have considered whether the relationship might have been unfair under section 140A of the Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think it lent irresponsibly to Miss T or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 17 December 2025.

Rachael Williams
Ombudsman