

The complaint

Mr S, through his representative, complains that FCE Bank Plc trading as Ford Credit (Ford Credit) lent to him by approving two car finance agreements when he could not afford them. Mr S' representative has said that an unfair relationship was established under s140A of the Consumer Credit Act 1974.

What happened

Mr S took two agreements with Ford Credit. I have asked that both complaints be considered by me as the first agreement in January 2020 is relevant when I am considering the second. The picture is more complete when I can review the details and the car financing history of Mr S over several years. I will deal with each in chronological order.

The first ("Agreement One") was for £20,389 in January 2020. Mr S put down a deposit of £3,200 which was a mixture of cash and a part exchange. Mr S had been paying for a vehicle with another company at £176 a month since March 2016. So, it's likely Mr S used that vehicle as the part exchange trade here. The amount to repay on finance was £19,074.99. The repayments were £298.81 once, followed by £288.81 each month for 38 months. Plus, a final repayment of £9,405 and a £10 fee scheduled to be on 1 May 2023. The total charge for credit was not high at £1,304.79 which was not a large amount. The APR was only 2.9%. There was an approved mileage of 9,000 a year. It seems likely Mr S was trading up to a newer vehicle.

The second ("Agreement Two") was for £27,513 in February 2022. The car was new and the invoice price was £29,834.75 of which Mr S managed to place a deposit (which was the previous financed car part exchanged) of £4,170.48 leaving £25,664.27 to fund through Ford Credit car finance. Mr S was scheduled to pay once at £351.65 then 38 instalments of £341.65. There was an optional final payment of £14,521 plus a £10 fee to pay. The APR on this also was low at 2.8%. There was a 9,000 a year mileage clause. From details presented it seems that Mr S has paid off this agreement early on 1 June 2025.

Mr S complained in February 2025. Ford Credit responded with two separate final response letters (FRL) in February 2025 for each of the two agreements. One of our investigators considered both agreements under two different complaint references and did not think that Ford Credit had done anything wrong in each case. Mr S disagreed.

Both of the unresolved complaints were passed to me to decide. This is the second of the two decisions issued today.

Preliminary point

Mr S' representative seemed to be of the view that there was another agreement approved on 31 January 2020 which ended in a default being applied.

Our investigator has pointed out to Mr S' representative that he thinks that the two agreements in January 2020 were the same and that it did not end in default.

Mr S has not come back to us which suggests acquiescence on that point. But for completeness, I reviewed Mr S' personal credit file to review this point and I agree with our investigator. So, I do not consider that there were two car finance agreements in January 2020, only one.

The significance was that Mr S' representative has submitted to us that when Agreement Two was approved, Agreement One had been defaulted. Of course that would have had a bearing. Good earlier repayment history is of value when a lender is considering lending again. But as I have said, I am satisfied this was not the case.

What I've decided about Agreement Two – 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 Mr S' complaint. Ford Credit 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 Mr S 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 Financial Conduct Authority (FCA) Consumer Credit Sourcebook (CONC) Chapter 5 on responsible lending to assist me in relation to Mr S' complaint. I do not set out the FCA wording here as Mr 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 Ford Credit that the checks were proportionate: CONC 5.2A.20R and the paragraphs which follow it. It was not expected that there was a full financial review of every aspect of Mr S' circumstances for each application.

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.*

And even if I decide that Ford Credit ought to have done more than it did before lending, the assessment does not stop there. I need to look at Mr S' finances to see what Ford Credit would have discovered if it had done more. Here, Ford Credit has told us it did all the right checks but it has not produced much evidence. So, we have used Mr S' financial documents provided to us by his representative to assist.

Agreement one

This has been decided upon by me earlier today.

Agreement Two

I have received from Mr S his personal credit file which has been useful to check a number of elements. I have reviewed the entry for Agreement One and his repayments were satisfactory – there have been no notes added by Ford Credit to his account for Agreement One and his credit file has no adverse data associated with Agreement One. So, the good repayment history for his previous two car finance agreements, one of which was

with Ford Credit, would have stood Mr S in good stead when he approached Ford Credit for a new finance agreement in February 2022. And I will add that Mr S was already familiar with paying for and running cars having done this since at least March 2016.

As Ford Credit did not provide a great deal of information about the details it had for Mr S' application for Agreement Two, and its checks done before lending, our investigator reviewed detail about Mr S' finances provided to us by him. Two sets of bank account statements and his personal credit file dated December 2023 were sent to us during this complaint investigation and I have reviewed them all.

Mr S' financial situation looked to be much the same as it was in January 2020. He earned a little more each week and his outgoings were much the same save for the fact that Mr S was now paying for Agreement One which was £288 a month and this was higher than the amount he'd been paying for the car before that.

Mr S had no issues with repayments on any of his credit accounts and the only time that there did seem to be payment issues was in 2023. And I can see from account notes with Ford Credit that Mr S had not needed its assistance until 2023. No explanation is given as to why Mr S' finances took a downturn in 2023. And as this was after Agreement Two had been taken by Mr S then those repayment issues are irrelevant when I am being asked to decide on an irresponsible lending complaint from February 2022.

Mr S' representative has sent no additional information about his finances over and above what had already been presented. It made a comment about his expenditure but with no additional evidence to demonstrate its point then I have relied on the information provided.

It seems there's no further evidence available from Ford Credit and in any event, using the credit file and two sets of bank statements from Mr S, I consider that I had enough to assess the situation. Mr S wanted a new car in February 2022, and I consider that Ford Credit, if it had reviewed the documents supplied to me by Mr S before lending would have reached the same conclusion it did in February 2022 and approved the car finance agreement. If circumstances altered for Mr S after that, then I cannot consider that relevant for the February 2022 agreement. I do not uphold the complaint about Agreement Two.

I've also considered whether Ford Credit 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 Mr S or otherwise treated him 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 Mr S to accept or reject my decision before 19 January 2026.

Rachael Williams
Ombudsman