

## Complaint

Mr D complains that Startline Motor Finance Limited (“SMF”) unfairly entered into a hire-purchase agreement with him. He’s said that the monthly payments to this agreement were unaffordable given his circumstances at the time.

## Background

In May 2023, SMF provided Mr D with finance for a used car. The purchase price of the vehicle was £19,622.00. Mr D didn’t paid a deposit of £219.81 and took out a 47-month hire-purchase agreement with SMF for the remaining £19,402.19.

The loan had interest charges of £6,637.81 and a £1 option to purchase fee. This meant that the balance to be repaid of £26,041.00 was due to be repaid in 48 monthly instalments of £397.10 followed by an optional final payment of £7,376.30 which Mr D had to make if he wished to keep the car.

Mr D complained that the agreement was unaffordable and so should never have been provided to him. SMF didn’t uphold the complaint. It said that its checks confirmed that the finance was affordable and so it was reasonable to lend.

Mr D’s complaint was considered by one of our investigators. She didn’t think that SMF had done anything wrong or treated Mr D unfairly. So she didn’t recommend that Mr D’s complaint should be upheld.

Mr D disagreed with our investigator’s assessment and the complaint was passed to an ombudsman for a final decision.

## My findings

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

### *Preliminary matters*

Before I go on to set out my conclusions on this matter, I want to say that I can see that it’s clear just how strongly Mr D feels about his complaint and why he’s unhappy. So I think it might help for me to set out that while I may have not commented on each and every point that he’s made, I have read and considered everything he’s said.

However, I’ve focused on the key things that have led to me reaching, what in my view is, a fair and reasonable decision. For the sake of completeness, I’d add that the rules of this service permit me to do this as it reflects the nature of our service which was set up to be an informal alternative to the courts.

*Did SMF act fairly and reasonably when agreeing to lend to Mr D?*

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 D's complaint.

Having carefully considered everything, I've decided not to uphold Mr D's complaint. I'll explain why in a little more detail.

SMF needed to make sure that it didn't lend irresponsibly. In practice, what this means is that SMF needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr D 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 – suggested the lender needed to know more about a prospective borrower's ability to repay.

SMF says Mr D declared that he was employed at the time and that he received around £3,000.00 a month. It says it cross checked Mr D's declaration against information provided by credit reference agencies on the amount of funds going into his main bank account each month. SMF also says that it carried out credit searches on Mr D which had shown Mr D had no significant adverse information – such as County Court Judgments (“CCJ”) or defaulted accounts - recorded against him. Mr D had some existing credit commitments which were being well paid.

In SMF's view, when the amount owing plus a reasonable amount for Mr D's living expenses were deducted from his monthly income the monthly payments were still affordable. On the other hand, Mr D says his existing commitments meant that these payments were unaffordable and there was no way he was going to be able to maintain them.

I've thought about what Mr D and SMF have said.

The first thing for me to say is that SMF didn't simply accept Mr D's declarations at face value as it carried out credit checks. And given what SMF saw on the credit check suggests that Mr D was managing his existing credit reasonably well and suggested his declaration of income was plausible, it's arguable that it was reasonable for SMF to rely on an estimate of Mr D's living costs, rather than finding out more about what they actually were. This is because there was nothing obvious which suggested that Mr D fell outside the profile of the average borrower.

For the sake of completeness, I would also add that even if I were to agree that SMF ought to have done more here, at the absolute most I would say that it ought to have found out about Mr D's actual living expenses rather than rely on estimates. But I don't think that doing this would, in any event, have resulted in SMF making a different decision in this instance.

I say this because the information Mr D has provided from the time does appear to show that when his committed regular living expenses were added to payments to the credit commitments SMF knew about and then deducted from what it believed he received each month, he did have the funds, at the time at least, to sustainably make the repayments due under this agreement.

I accept that Mr D says that his actual circumstances were not fully reflected in the information SMF obtained. For example, I note that he has said that he told SMF that he was out of work at the time. I'm sorry to hear that Mr D has had difficulty making his payments. However, I've looked at the application that was submitted to SMF and while it states that Mr D was self-employed, I can't see that SMF was made aware that Mr D wasn't working. Given that SMF validated Mr D's declared income at this stage too, I don't think that it was aware he may not have been working at the time he was making this application.

Overall and having carefully considered everything, while there is an argument for saying that SMF's checks before entering into this hire purchase agreement did go far enough, I'm, in any event, satisfied that carrying out further checks won't have stopped it from providing these funds, or entering into this agreement with Mr D.

#### *SMF's response to Mr D's payment difficulties*

I've also thought about what Mr D has said about SMF's response when he missed payments. Mr D has said that SMF should have offered forbearance by suspending interest or allowing him more time to repay once he explained that he was having difficulty making payments.

I can see that Mr D was notified of his voluntary termination rights and offered the option of voluntarily surrendering the car after SMF was contacted about his difficulty repaying. I can understand why it might be frustrating for Mr D that SMF didn't simply suspend interest or restructure the agreement as a result of this contact. However, Mr D had a hire-purchase agreement not a fixed sum loan.

Hire-purchase loans are a type of loan with certain characteristics in terms of the obligations on the parties and the protections afforded to customers. This meant that the agreement couldn't just automatically be altered without those obligations and protections being affected.

For example, the amount Mr D would have to pay to voluntarily terminate the agreement and the point he could exit it was determined by the total amount he had to pay at the start. Furthermore, the car wasn't worth the same amount as it was at the outset, at the time Mr D ran into difficulty. So attempting to rewrite the agreement on new terms may well have created a mismatch between the amount borrowed and the asset being financed.

In these circumstances, while I appreciate that Mr D may not agree with this, I don't think that SMF offering Mr D the option of selling the vehicle (which he didn't legally own at that stage) as well as notifying him of his voluntary termination rights was unreasonable. Indeed, the way that Mr D has described his circumstances at the time suggests that this may well have been the most reasonable option for him.

So I've not been persuaded that SMF responded to Mr D's difficulties unfairly, although I do accept that it has been sometime since SMF last assessed matters and that an updated assessment of what he may be able to pay going forward as well as his resultant options may now be necessary. I would also encourage Mr D to get in contact with and co-operate with any steps that may be needed in order for such a review to now be carried out.

In reaching my conclusions, I've also considered whether the lending relationship between SMF and Mr D might have been unfair to Mr D under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think SMF irresponsibly lent to Mr D or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to

suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

So while I've considered everything that Mr D has said, I don't think that SMF acted unfairly or unreasonably towards him. And I'm not upholding this complaint. I appreciate that this will be disappointing for Mr D. But I hope he'll understand the reasons for my decision and at least consider that his concerns have been listened to.

### **My final decision**

My final decision is that I'm not upholding Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 12 January 2026.

Jeshen Narayanan  
**Ombudsman**