

## **The complaint**

Mr B complains that STARTLINE MOTOR FINANCE LIMITED approved a vehicle finance agreement for him which he could not afford. He also complains that he was not aware of the balloon payment and the repayments for the finance led to him not being able to afford the insurance and therefore he has not been able to use the car. All of this has affected his mental health and wellbeing.

## **What happened**

Mr B wanted to buy the car through an on-line car seller. He applied for the finance all on-line in January 2023. He was turned down by a couple of lenders and then Startline offered to provide him with car finance which Mr B accepted. The price of the vehicle was £29,950, the deposit Mr B paid was £3,500 and the finance offered was £26,450. This was scheduled to be repaid as 48 monthly repayments of just over £650 and then a balloon payment of just over £11,367 to secure the vehicle ownership. It was a hire purchase (HP) agreement. The total charge for credit was just under £16,131 which meant that the total to repay for the car (including the £10 title transfer fee) was just under £46,091. This was set all out in the HP agreement.

After Mr B had complained he received the response from Startline in February 2025. The complaint was referred to the Financial Ombudsman Service where one of our investigators did not think that Startline needed to put things right for Mr B.

In Mr B's first call to the Financial Ombudsman Service, which I have listened to, Mr B said he was planning to sell the car through a third-party on-line car sale company. Mr B would not have been allowed to sell the car until he owned it. In the third call with us which I have listened to, Mr B explained he sold the car back to the dealer in March 2025 and had paid the negative equity off. So, the car is no longer in Mr B's possession.

Mr B also raised a quality issue with Startline which I am not being asked to deal with.

The unresolved complaint about the finance has been passed to me to decide.

## **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 Mr B's complaint.

Startline needed to make sure that it didn't lend irresponsibly. In practice, what this means is that Startline needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr B 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.

Startline has explained what it did to verify Mr B's income when he applied – it obtained a copy payslip which I have seen. That showed that after tax Mr B took home just under £2,766 each month. Mr B said he was employed full time, was single and had no dependents.

Mr B had informed Startline that he lived at home with his parents. It's not likely that Mr B was paying full market rent plus bills to live there. And further, although Mr B had said on his application form he did pay towards 'rent' of £300 a month, I do not consider that Mr B would have been exposed to the risk of non-payment of priority bills and/or rent arrears likely to lead to problems with his money such that the repayments to the finance were at risk. I have taken this element into account when considering Mr B's complaint and the submissions made by Startline.

Startline also carried out a credit search. I've reviewed the details from that search. It seems that Mr B had been running a car already as there's a car insurance account registered as having started in December 2020 and had ended in November 2021. So, Mr B likely would have been familiar with the associated costs of running a car such as DVLA tax, MOT, insurance and servicing plus fuel.

Mr B had relatively little outstanding debt. He had two current accounts with overdraft limits and his balances were £0 and he had a credit card with a credit limit of £200 with a zero balance. He had a couple of telecoms contracts which together were costing Mr B £29 each month. There were no adverse payment markers for those.

It seems that Mr B did have some adverse credit history: a current account had defaulted in January 2020 but Startline is a company which does accept customers who have some adverse credit data in their history. Mr B's recent credit history was good. The default (plus two payday loans taken in January 2020 and June 2020) were not likely to have been enough to prompt Startline to ask for even more information that it had already gathered about Mr B. And this may explain why he'd been turned down on a couple of other car finance applications. Plus, it may explain the APR on the agreement being higher than, say, a bank loan might have been.

I am not being asked, or expected, to stand in the shoes of the Startline assessors when the agreement was approved and act as a lender: I am resolving a complaint about whether the approach taken by Startline was reasonable and proportionate at the time it was taken.

In line with the regulatory framework, I am satisfied that Startline based its creditworthiness assessment on sufficient information of which it was aware at the time it was carried out; and that it took reasonable steps to obtain information from Mr B. And, where it deemed it necessary, it also cross referenced the information that he had provided with information from a credit reference agency. With all of that information combined, I'm satisfied that it did a reasonable creditworthiness assessment. Mr B had enough to afford the repayments. I do not uphold his complaint about the irresponsible lending.

#### *Other elements of Mr B's complaint*

Mr B's contention is that he did not understand the interest rate charged or the fact that there was a balloon payment to pay at the end of the term to own the car. I know that our investigator has explained his view about this to Mr B on one of the calls he had with him and to which I have listened. And in line with what he said on the call, I reject the idea that Mr B was mis-led or the sale details were not provided to him and that his lack of knowledge was Startline's mistake. The financial details were clearly set out in the agreement he had to

sign. Startline has explained that the contract information had to be reviewed plus Mr B was given the opportunity to retain a copy. It was signed through an e-sign procedure. And Mr B had to confirm he'd read the contract before proceeding.

Our investigator explained on the phone to Mr B that the total to repay was around £46,000 because it was a £30,000 car plus 21% APR interest. It was a lot of money because the car was expensive.

Mr B has also asked that he receives a refund of *'the amount I would have saved if I had known it would have been cheaper to take out a different credit agreement. I would have taken a personal loan from the bank and purchased the car outright, which would have saved a significant amount of money.'*

As I do not consider that the finance agreement was approved for Mr B irresponsibly then this point is academic as I do not consider that Startline did the wrong thing.

I've considered whether Mr B was treated fairly by Startline during the lending relationship. I have been sent copies of the Startline account notes and in late 2023 Mr B had said that the car insurance was high and he wanted to look into changing the vehicle or settlement. Information about Voluntary Termination and Voluntary Surrender was sent to him. Then in August 2024 Mr B informed Startline that he'd been made redundant a month before and he was going to have difficulty making the September 2024 repayment. Startline gave him a month's leeway on payments and explained the ways it could support him. And I can see that Mr B was keen not to allow any lack of payment to affect his credit file and the Statement of Account (SOA) I have documents he paid all of the monthly repayments satisfactorily. Overall, I do not consider that Startline has treated him unfairly.

Mr B has queried the contract figure of £46,090.85. On his calculations the instalments plus the balloon payment came to £42,580.85 whereas his contract was for more than that. The opening balance on the SOA was £42,580.85 which would account for the deposit Mr B put down for the car - £3,500. There usually is a final (often small) title transfer fee as well – here it was £10 which takes the full price to £46,090.85 which was as stated on the contract. So, this explains that part of Mr B's complaint.

Mr B disputes the mileage limitation clause of 10,000 a year. As I cannot see he was charged for any excess mileage in the time he used the car then I consider this academic. And in any event, it was in the contract signed by Mr B.

Mr B has referred to his mental health concerns. All debt can be troublesome but I've seen no evidence here that Startline was made aware by Mr B of his particular concerns, or that it failed to assist him when he asked for help.

I do not uphold any of Mr B's additional points raised as part of the complaint.

I've also considered whether Startline acted unfairly or unreasonably in any other way and 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 B 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**

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 12 November 2025.

Rachael Williams

**Ombudsman**