

## **The complaint**

Mrs T is complaining about Black Horse Limited (Black Horse). She says they were irresponsible in lending to her as the finance was unaffordable.

## **What happened**

In July 2021, Mrs T entered into a hire purchase agreement with Black Horse to finance the purchase of a car. She paid a deposit of around £820 and borrowed around £18,080 - the cash price of the vehicle was £18,900. She also financed some extras with a total value of £1,467. The agreement required Mrs T to make 48 monthly repayments of around £383, and then a final repayment of £8,310 if she wanted to keep the car at the end of the term.

In January 2025, Mrs T complained to Black Horse, saying they shouldn't have lent to her because the loan was unaffordable. She said at the time of the agreement she already had considerable debts across loans and credit cards and was reliant on support from family and friends. Mrs T said if Black Horse had completed appropriate checks they wouldn't have lent to her.

Black Horse didn't reply to Mrs T within the time limits, so she brought her complaint to our service. At that point, Black Horse explained that they wouldn't be upholding Mrs T's complaint. They said Mrs T had told them her annual income was £52,000 and they'd carried out appropriate checks and determined that the agreement would be affordable for her.

One of our investigators then looked into the complaint but didn't uphold it, saying that he thought Black Horse had completed proportionate checks and made a fair lending decision.

Mrs T disagreed. She said she definitely wasn't earning £52,000 per year. And she said the living expenses figure Black Horse had used of under £500 wasn't reasonable and didn't appear to account for fuel, insurance, and other essential spending. She added that she already had significant credit commitments at the time and to add to this was irresponsible. Mrs T asked for a decision and the complaint's come to me.

## **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.

Having done so, I'm not upholding Mrs T's complaint for broadly the same reasons as our investigator - I'll explain more below.

The Financial Conduct Authority (FCA) sets out in a part of its handbook known as CONC what lenders must do when deciding whether or not to lend to a consumer. In summary, a firm must consider a customer's ability to make repayments under the agreement without having to borrow further to meet repayments or default on other obligations, and without the repayments having a significant adverse impact on the customer's financial situation.

CONC says a firm must carry out checks which are proportionate to the individual circumstances of each case.

*Did Black Horse carry out reasonable and proportionate checks?*

Before lending to Mrs T, Black Horse:

- conducted a full credit search;
- asked Mrs T about her income and checked it using an automated tool;
- asked Mrs T about her rent costs, estimated her living expenses using statistical data, and calculated her existing credit commitments from her credit file; and
- calculated Mrs T's disposable income and determined that the agreement would be affordable for her.

Whether or not these checks were reasonable and proportionate depends on various factors, including the term of the loan, cost of credit, and overall amount repayable – as well as what Black Horse found during their checks.

Black Horse haven't sent us details of Mrs T's credit history. But their data shows Mrs T had no new accounts opened in the preceding three months, no defaulted accounts, and no County Court Judgments. The data also shows she had a relatively high credit score, total balances of around £5,550, and had to pay £29 per month to creditors for non-revolving credit. I've also seen Mrs T's own credit report, which supports this data and shows she hadn't missed any payments to existing creditors in the preceding twelve months. Based on the credit report then, Mrs T didn't appear to be in any financial difficulties, and her levels of existing debt were reasonable.

The regulations in CONC explicitly allow businesses to use automated checks of income. And they explicitly allow businesses to use statistical data to estimate an applicant's likely essential expenditure, unless there's evidence that the statistical data might not be applicable to that applicant. I haven't seen anything that ought to have indicated that Mrs T's essential spending might be higher than average. And Black Horse asked Mrs T about her housing costs – which is usually the most significant element of essential spending. So, although Mrs T's disputed Black Horse's figures for her essential spending, saying they were unreasonably low, I'm satisfied it was reasonable for Black Horse to use the figures they obtained.

In summary then, I'm satisfied Black Horse's checks were proportionate – although the loan was for a significant amount, Mrs T would have appeared to be in a stable financial position and there was nothing to indicate that more checks were needed.

*Did Black Horse make a fair lending decision?*

Having concluded that Black Horse carried out proportionate checks, I need to decide whether they made a fair lending decision.

When Black Horse verified Mrs T's income, they found that it was around £1,575 per month – much lower than the figure they'd expected. It appears that despite this, they used the higher figure (of £3,233 per month) to estimate Mrs T's disposable income. Black Horse should have used the lower figure rather than the higher one.

However, if they had done so, I'm satisfied Black Horse would have still been able to fairly decide to lend to Mrs T. That's because they'd estimated Mrs T's existing credit commitments were around £200 per month, her rent was £300 per month, and her other living costs were around £440 per month. Deducting these from the £1,575 per month income they verified, they'd have calculated Mrs T would have around £635 per month left – or around £250 per month after making the payments due under this agreement.

I appreciate Mrs T doesn't think the £440 for essential living costs or the £250 disposable income were high enough. And she's said her rent was actually £325 per month rather than £300. She's also provided an estimate of her contributions towards bills and of the costs of insurance and road tax. As I've explained above, I'm satisfied Black Horse's checks went far enough and they didn't need to ask Mrs T about her actual expenditure. But, if they had asked and Mrs T had given them the same figures as she's given us, they'd have found Mrs T would have over £400 left per month for groceries, fuel, and emergencies. I'm satisfied, given Mrs T's circumstances, they could have fairly decided this was enough and the agreement would be affordable for her.

*Have Black Horse acted unfairly in any other way?*

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't say Black Horse lent irresponsibly to Mrs 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**

As I've explained above, I'm not upholding Mrs T's complaint about Black Horse Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 20 January 2026.

Clare King  
**Ombudsman**