

The complaint

Mr W says FIRST RESPONSE FINANCE LIMITED (First Response) was irresponsible in lending to him.

Mr W is represented in this complaint but for ease of reference I have referred to Mr W throughout the decision.

What happened

In June 2021 Mr W acquired a vehicle financed by a hire purchase agreement from First Response. Mr W was required to make 30 monthly repayments for around £270 and the total amount payable was around £8,400. Mr W took out a second agreement in June 2022 which was later cancelled due to vehicle issues.

In January 2025 Mr W complained to First Response. He said it failed to complete adequate affordability checks and if it had it would've been clear that the agreements weren't affordable.

First Response disagreed. In summary it said it had completed reasonable and proportionate checks to satisfy itself of Mr W's ability to repay the first agreement in a sustainable way. The checks included completing a credit file search, an income and expenditure check and income verification prior to agreeing to the finance. It also said it wasn't going to investigate the agreement taken out in June 2022 because it was cancelled and unwound.

Mr W remained unhappy, so he asked the Financial Ombudsman Service to look into his complaint.

One of our Investigators looked into things and thought the checks weren't reasonable and proportionate. But when considering what First Response might have found if it had carried out further checks, he said the agreement was affordable. This was because in his view

Mr W had enough disposable income to be able to sustainably afford the monthly repayments, so he didn't think First Response had done anything wrong by approving the finance.

Mr W disagreed with our Investigator saying First Response should have reviewed his bank statements which would have revealed, at the time of lending he was gambling. Our Investigator considered this point further, but it didn't affect the outcome. He didn't think First Response were required to review the bank statements but, in any event, even if it had, our Investigator said there wasn't sufficient evidence that Mr W was gambling at the time.

As an agreement couldn't be reached the complaint 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.

Having done so, I'm not upholding it. I understand this will be a disappointment to Mr W, but I'll explain why.

Firstly, I want to make clear that I am not considering the agreement Mr W entered into in June 2022. This is because First Response has confirmed that the agreement was cancelled and unwound. Although Mr W made two payments under this agreement, these were transferred back to the original agreement. Having considered all the evidence relating to the second agreement, I'm satisfied no loss was incurred and Mr W was put back in the position he would've been in had the agreement not been entered into.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The Financial Conduct Authority (FCA) sets out in 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 First Response carry out proportionate checks?

What's considered reasonable and proportionate in terms of the checks a business undertakes will vary depending on details of the borrowing and the consumer's specific circumstances at the time.

First Response said it carried out the following checks:

- reviewed Mr W's credit file;
- verified his income using payslips;
- it estimated his cost-of-living expenses using information from the Office of National Statistics data along with specific information Mr W told it,
- carried out a telephone interview; and
- the figures obtained were used to assess Mr W's disposable income and the affordability of the agreement.

Here, the total amount payable under the agreement was around £8,400, with Mr W committing to make 30 monthly repayments of around £270. This was therefore a relatively lengthy credit commitment for someone to enter into, so my starting point is that I'd expect to see First Response to have completed a thorough affordability check.

Mr W told First Response he earned £400 per week, which it verified was around £1,450 after tax each month using two payslips for March and June 2021.

First Response also completed a credit check. This showed that whilst Mr W had found himself in some difficulties in re-paying credit in the past, the most recent default he had recorded against him was three years prior to his application. He had two county court judgements prior to the application. The first was in June 2018, Mr W was paying £50 a month towards this and the second was in July 2019 for which he was paying £140 a month.

He had missed several payments towards other outstanding debt. Its underwriter recognised the potential risk in lending and therefore conducted a telephone interview with Mr W.

First Response took into consideration Mr W's existing credit commitments, his housing costs and used statistical data to estimate his other cost of living expenses. While I understand that statistical data may not have provided First Response Mr W's exact essential expenditure, it did include a 25% buffer to cover any unexpected costs that Mr W may face before calculating his disposable income.

I understand Mr W has said First Response should have reviewed his bank statements as part of its affordability assessment, but I don't agree. There was and remains no requirement for a lender to obtain bank statements from a customer prior to lending. It is up to a lender to determine how it verifies expenditure. Above, I've set out what checks First Response did undertake and whilst this didn't include reviewing Mr W's bank statements its checks revealed that the lending was affordable, and Mr W would've been able to make the monthly repayments in a sustainable way.

Overall, I think First Response completed reasonable and proportionate checks. This doesn't however automatically mean First Response made a fair lending decision – it's this I'll look at next.

Did First Response make a fair lending decision?

I've reviewed the payslips First Response obtained and I'm satisfied it used a fair estimate of Mr W's regular income. It deducted from this £200 for housing, which Mr W had told them, around £313 for credit commitments, which appears a reasonable estimate considering his credit file, and £370 for other essential living costs based on statistical data. It also deducted 25% to allow for any inaccuracies and decided Mr W would have around £420 disposable income per month. So, the payments needed under the agreement would have appeared affordable before Mr W entered into it.

Mr W has said he was spending far more on certain transactions and if First Response had checked it would have seen this. For reasons I've set out above, I can't say First Response should have looked at Mr W's statements. I've seen the transactions Mr W now says are gambling transactions. Even if First Response had reviewed Mr W's bank statements, I don't think it would necessarily have identified these as gambling transactions. And I can't see he told them he was gambling when First Response spoke to him so I can't say Mr W would necessarily have disclosed the information even if First Response had asked further questions.

I know Mr W will be disappointed in my decision, but I'm satisfied First Response carried out reasonable and proportionate checks. The information it obtained suggested that Mr W would be able to sustainably afford the repayments and so First Response acted fairly in concluding it should lend to Mr W. So, I don't think the finance was lent irresponsibly.

I've also considered whether First Response acted unfairly or unreasonably in some other way given what Mr W has complained about, including whether its relationship with him might have been viewed as unfair by a court under Section 140A Consumer Credit Act 1974. But for the reasons I've already given I don't think First Response lent irresponsibly to Mr W or otherwise treated him unfairly. I haven't seen anything to suggest that s140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 17 February 2026.

Rajvinder Pnaiser
Ombudsman