

## The complaint

With the help of a professional representative (PR), Mr A complains that FCE Bank Plc trading as Ford Credit lent to him irresponsibly. For ease, I'll refer to the actions of the PR as being those of Mr A.

## What happened

On 29 June 2019, Mr A entered into a Hire Purchase agreement (HP) with Ford Credit to acquire a new car. It was agreed on the following terms:

Cash price	Deposit	Amount of Credit	Term	Monthly repayment	Final payment	Total payable
£25,898.99	£2,701	£23,197.99	39 months	£391.37	£9,851	£27,434.06

On 17 July 2024, Mr A complained to Ford Credit. He said it had failed to undertake a *"suitable creditworthiness assessment"* before lending to him and *"this failure resulted in financial hardship"*.

Ford Credit looked into Mr A's complaint and issued a final response. It said it had assessed his application for credit based on information provided by him and from credit reference agencies. It was satisfied that Mr A ought reasonably to be able to repay the credit. It said he had kept all payments up to date and settled the HP on 18 October 2021. It didn't uphold the complaint.

Mr A was unhappy with Ford Credit's response, so he referred his complaint to our service. One of our investigators looked into it. He said Ford Credit had failed to provide any evidence of the checks it carried out, so he wasn't able to say the checks were reasonable and proportionate. However, he obtained bank statements and credit reports from Mr A and concluded that if Ford Credit carried out appropriate checks, it would have agreed to lend to him. Our investigator didn't uphold the complaint.

Mr A didn't agree with our investigator. As there was no agreement, the complaint has been passed to me for a decision.

## 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.

Following my involvement, Ford Credit has now provided evidence of the checks it carried out, so I have reached this decision on the basis of those rather than the evidence provided by Mr A as our investigator did. I issued a provisional decision saying:

*"We've set out our approach to complaints about irresponsible and unaffordable lending on our website – including the key relevant rules, guidance, good industry practice and law. I've considered this approach when deciding this complaint."*

*Ford Credit needed to carry out reasonable and proportionate checks to ensure that it didn't lend to Mr A irresponsibly. I think there are key questions I need to consider in order to decide what is fair and reasonable in the circumstances of this complaint:*

- *Did Ford Credit carry out reasonable and proportionate checks to satisfy itself that Mr A was in a position to sustainably meet the repayments?*
- *If not, what would reasonable and proportionate checks have shown at the time?*
- *Did Ford Credit make a fair lending decision?*
- *Did Ford Credit act unfairly or unreasonably towards Mr A in some other way?*

*Ford Credit had to carry out reasonable and proportionate checks to satisfy itself that Mr A would be able to repay the HP sustainably. It's not about it assessing the likelihood of it being repaid, but it had to consider the impact of the repayments on him. There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the agreement, the amount of the repayments and the overall circumstances of the borrower.*

*Ford Credit has provided evidence of the checks it carried out on Mr A's application. It told us that it uses a "scorecard model" which takes into account various "stability factors" such as time at address, employment, electoral role etc. as well as the upfront deposit and amount of borrowing required.*

*Mr A told Ford Credit his employment details and residential status as part of his application. He was an existing customer and had already had an agreement with it on which he was paying a slightly higher monthly amount.*

*Ford Credit conducted a review of his credit file which showed that he had four active credit cards – two of which had been obtained since the previous agreement had started – and that they were up to date. Ford Credit noted that the cards were heavily utilised. But Mr A's application passed Ford Credit's scorecard based on the details he provided, and he had a demonstrated track record of making similar payments. While he did have credit elsewhere, he was up to date with repayments and managing the accounts.*

*I think the checks Ford Credit carried out were reasonable and proportionate in the circumstances. The business was entitled to rely on what Mr A told it during his application and on its process unless it had reason to think there was a problem. I've seen nothing to suggest there were any problems with his application, or the information Ford Credit was relying on, so it follows that I don't think there was any need for it to ask further questions.*

*Based on what Mr A told it and what it found for itself, I think Ford Credit made a fair decision to lend to him.*

*Did Ford Credit act unfairly or unreasonably towards Mr A in some other way?*

*I've read and considered everything provided by each party to the complaint. I've seen nothing which suggests Mr A contacted Ford Credit to say he was struggling with the payments or was in any kind of difficulty. He's not provided us with any evidence that he was struggling at the time either. I note the HP was repaid early and in full in October 2021.*

*For the reasons I've already given, I don't think Ford Credit lent irresponsibly to Mr A or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A of the Consumer Credit Act 1974 would, given the facts of this complaint, lead to a different outcome here."*

*Mr A didn't accept my provisional decision. He said (in summary):*

- his high credit card use should have been a 'red flag' to Ford Credit leading to further checks.
- this HP *"extended [his] indebtedness horizon and introduced balloon risk (£9,851) a material affordability factor"* given his already high revolving credit balances.
- he was caused detriment as he cleared this HP by selling the car and acquired a *"cheap runabout"* as a replacement. His PR says this was a *"forced disposal"* to *"discharge the liability"* of the balloon payment.

Ford Credit noted Mr A's credit card balances and that his repayments to all his existing credit was up to date. It noted too that he was up to date with his existing HP, and had met the repayments due on a previous agreement with it too (the HP which is subject of this complaint was his third consecutive one with Ford Credit).

In common with many consumers, Mr A had a track record of acquiring cars on HP and changing them towards the end of the agreement. This meant he didn't have to pay the balloon payment. It meant he could continue to drive relatively new cars while making smaller payments than he would have had to if he wished to own the car at the end of the agreement. I note from the credit file he's provided, that he has continued to do so – having taken out two more similar agreements after he repaid this one in October 2021.

Mr A says he had to sell the car he acquired under this agreement to downgrade to a cheaper one. I've seen nothing to suggest he spoke to Ford Credit about any difficulties he was having before making the decision to sell the car. And looking at the bank statements he's provided, I see no particular signs of financial difficulty either. There is no sign it was a *"forced sale"* as alleged by his PR, rather it was a decision he made and one he was entitled to make.

I can see from his credit file that he did take another HP to finance a slightly less expensive car at the end of 2021 which saved around £100 per month. But I don't think disposal of a car 2½ years into an agreement of this nature which is due to come to an end shortly anyway, demonstrates that Ford Credit acted unfairly or irresponsibly by lending to Mr A.

I don't think the concept of a balloon payment was new to Mr A or that it meant Ford Credit had to conduct further checks on his application. He had a proven track record of making similar payments to his existing agreement and was up to date with all his other credit. And he was aware there was no obligation on him to pay the balloon payment – he could simply hand back the car at the end of the agreement if he wished or, as he did in this case, sell it and settle the agreement that way.

I realise my decision will come as a disappointment to Mr A, but I remain of the view the checks Ford Credit conducted at the time of his application were reasonable and proportionate, and that it reached a fair decision to lend to him.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 17 October 2025.

Richard Hale  
**Ombudsman**