

## **Complaint**

Miss A complains that Blue Motor Finance Ltd (“BMF”) unfairly entered into a hire-purchase agreement with her.

She’s said the monthly payments to the agreement were unaffordable and so she shouldn’t have been accepted for it.

## **Background**

In March 2019, BMF provided Miss A with finance for a used car. The cash price of the vehicle was £6,740.00. Miss A didn’t pay a deposit and entered into a 60-month hire-purchase agreement with BMF for the entire amount.

The loan had interest, fees and total charges of £2,949.80 (made up of interest of £2,948.80, and an option fee to purchase fee of £1, which needed to be paid if Miss A exercised her option to purchase the vehicle) at the end of the term. So the total amount to be repaid of £9,689.80 was due to be repaid in 59 monthly instalments of £161.48 followed by a final repayment of £162.48.

Miss A’s complaint was considered by one of our investigators. He reached the conclusion that proportionate checks would have shown BMF that it shouldn’t have entered into this agreement with Miss A. So he recommended that Miss A’s complaint should be upheld.

BMF didn’t agree with our investigator and the complaint was passed to an ombudsman for a final decision.

## **My provisional decision of 3 September 2025**

I issued a provisional decision – on 3 September 2025 - setting out why I wasn’t intending to uphold Miss A’s complaint.

In summary, I was satisfied that that proportionate checks wouldn’t have prevented BMF from lending to Miss A. In these circumstances, I was of the view that it wasn’t unfair for BMF to have lent to Miss A.

## **BMF’s response to my provisional decision**

BMF didn’t respond to my provisional decision or ask for any additional time in order to do so.

## **Miss A’s response to my provisional decision**

Miss A asked for additional time to provide further statements to us. It was given additional time but then didn’t provide anything further or ask for any further time to do so.

## **My findings**

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 Miss A's complaint.

Having carefully thought about everything, including what has happened since my provisional decision, I'm still not upholding Miss A's complaint. I'd like to explain why in a little more detail.

BMF needed to make sure that it didn't lend irresponsibly. In practice, what this means is that BMF needed to carry out proportionate checks to be able to understand whether Miss A could make her payments in a sustainable manner before agreeing to lend to her. And if the checks BMF carried out weren't sufficient, I then need to consider what reasonable and proportionate checks are likely to have shown.

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.

BMF has said that it obtained details of Miss A's employer and her income as well as carried out credit checks. These credit checks showed that Miss A didn't have any significant adverse information such as defaulted accounts or county court judgments ("CCJ") recorded against her. It's also fair to say that Miss A was managing the credit that she already had reasonably well.

Having considered the information BMF has provided, I can see that it relied heavily on Miss A's existing credit commitments being met. But just because Miss A didn't have any adverse information recorded against her, this doesn't in itself mean she could take on more credit.

Furthermore, I can't see that BMF took any steps to understand what Miss A's monthly living costs were before agreeing to lend to her. Given BMF can't show me that it took steps to understand Miss A's living costs, I can't see how it could have determined that these costs wouldn't have resulted in the monthly payments being unaffordable. In these circumstances, I don't agree that BMF's checks before it agreed to lend to Miss A were reasonable and proportionate.

As I don't think that BMF carried out sufficient checks, I have gone on to decide what I think BMF is more likely than not to have done had it done more here. Given the circumstances, I would have expected BMF to have had a reasonable understanding about Miss A's regular living expenses as well as her income and existing credit commitments (which it already had).

The information provided shows that BMF obtained a copy of a bank statement from Miss A. While I accept that the primary reason for obtaining it was to ascertain Miss A's income, I think that BMF should have considered this information in order to determine Miss A's living

expenses. This is especially as I can't see it took steps to ask Miss A about this. Having carefully, considered this bank statement, I'm not persuaded that it clearly shows that Miss A's living expenses did make the monthly payments to this agreement unaffordable.

I say this as I believe that the investigator made a couple of errors in his income and expenditure assessment. And, in my view, these errors incorrectly led him to conclude that proportionate checks would have shown the monthly payments to this agreement were unaffordable for Miss A.

Firstly, the investigator concluded that Miss A's rent was £400 a month as there were payments of this much going into an account in her name each month. However, having reviewed Miss A's statements, I can't see that there is a label of rent attached to these payments. Furthermore, it is also fair to say that there are other payments going to and from this same account.

I don't discount the possibility that Miss A may have had rent payments of £400 a month. I've also noted that since my provisional decision there has been a suggestion made that Miss A was transferring £400 a month to a joint account and then making the payments from there. But the question I need to consider is not what the actual position may have been here. It's what proportionate check are more likely than not to have shown.

I don't think that the information I've seen clearly shows me that the payments highlighted were for rent, or more importantly, that BMF applying further scrutiny to the bank statement Miss A provided it with clearly showed this. I also have to consider Miss A's submissions in the context that they are now being made in support of a claim for compensation. Whereas at the time of sale, at least, Miss A clearly wanted the car she had chosen and it's fair to say that any explanations she would have provided would have been with a view to persuading BMF to lend rather than highlighting the agreement was unaffordable.

Having looked at the bank statements for the Miss A's sole account it seems to me that when Miss A's discernible living costs are added to what she was paying to her existing creditors and then deducted from her income, she did have sufficient funds to make the monthly payments to this agreement. Furthermore, I simply wouldn't expect a lender to expect bank statements for multiple accounts before determining whether to lend to a customer.

With all of this in mind, I think that it is unlikely – and certainly less likely than not – that Miss A would have suggested that her joint bank account statements should be requested as her rent payments meant that she shouldn't have been lent to. This is especially as I don't think that BMF applying closer scrutiny to the information that it did gather would have led it to conclude that the monthly payments were unaffordable.

I've also noted that Miss A would actually pay a reduced amount to her creditors as a result of BMF agreeing to this hire-purchase agreement. I say this because Miss A was making payments of just under £250 to a conditional sale agreement with another lender. Miss A's existing conditional sale agreement was to be settled when she entered this hire-purchase agreement which had monthly payments that were around £85 less. The copy of the full credit report Miss A has provided us with shows that she did go on to settle the conditional sale agreement.

So having carefully considered everything, I'm satisfied that the available information makes it appear, at least, as though proportionate checks would have shown that Miss A could make the monthly payments to this agreement in a sustainable manner. And in my view, it is unlikely – and less likely than not – that BMF would have declined to lend if it had found out the further information that I think it needed to here.

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

However, for the reasons I've explained, I'm satisfied that BMF did not irresponsibly lend to Miss A or otherwise treat her 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.

Overall and having carefully considered everything, while I don't think that BMF's checks before entering into this hire-purchase agreement with Miss A did go far enough, I'm not persuaded that reasonable and proportionate checks would have prevented BMF from providing these funds, or entering into this agreement with her.

I appreciate that this will be very disappointing for Miss A – particularly as our investigator, albeit erroneously, suggested that the complaint should be upheld. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

### **My final decision**

For the reasons I've explained above and in my provisional decision of 3 September 2025, I'm not upholding Miss A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 24 October 2025.

Jeshen Narayanan  
**Ombudsman**