

## The complaint

Mr G complains that Black Horse Limited provided him with an unaffordable regulated hire purchase agreement.

Mr G's complaint has been brought by a professional representative, but for ease I've referred to all submissions as though they are his own.

## What happened

In March 2022 Black Horse provided Mr G with a hire purchase agreement for a vehicle with a cash price of £29,500. Details of the agreement are below, including an agreement for additional products. Figures have been rounded for ease:

Agreement	Capital amount	Term (months)	Monthly repayments	APR	Total repayable value
Hire purchase	£29,500	60	£685	14.9%	£41,160
Additional credit*	£585	60	£15	14.9%	£815

*\*Additional credit includes breakdown and/or key cover, and part exchange shortfall*

Mr G complained to Black Horse in November 2024 saying this lending was unaffordable for him. Mr G said had Black Horse completed proportionate checks it would have identified this agreement wasn't affordable for him.

Black Horse issued its final response in January 2025 in which it didn't uphold Mr G's complaint. In summary, it concluded its checks were proportionate and that it had made a fair lending decision when providing Mr G with this credit agreement.

Unhappy with Black Horse's response Mr G referred his complaint to our service for review.

Our investigator considered the details and didn't uphold the complaint. Ultimately while we didn't think the checks Black Horse completed were proportionate, our investigator considered Black Horse had made a fair lending decision. He said this based on reviewing Mr G's bank statements to get an understanding of what it would more likely than not have identified through proportionate checks at the time.

Black Horse didn't respond to our investigator's view; Mr G responded and disagreed. In summary, his position remained that proportionate checks should have led to Black Horse concluding this agreement wasn't affordable for him.

Mr G asked for an ombudsman's review, so 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.

The information in this case is well known to Mr G and Black Horse, so I don't intend to repeat it in detail here. Instead, I've focused my decision on what I consider to be the key points of this complaint; so, while my decision may not cover all the points or touch on all the information that's been provided, I'd like to assure both parties I've carefully reviewed everything available to me. I don't mean to be discourteous to Mr G or Black Horse by taking this approach, but this simply reflects the informal nature of our service.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website. Both Mr G and Black Horse have been made aware of this approach.

At the time Black Horse arranged this agreement it was required to carry out proportionate checks. These checks required it to assess Mr G's ability to afford the agreement being arranged and repay it sustainably, without causing him financial difficulties or financial harm.

There isn't a set list of checks a lender needs to carry out, but they should be proportionate, taking into account things like the type, amount, duration and total cost of the credit, as well as the borrower's individual circumstances.

I've followed this approach when considering Mr G's complaint and I've set out my findings below under separate headings for ease.

#### The lending decision

Black Horse has said it obtained Mr G's declared income and it validated this using an online credit reference agency (CRA) tool. It says it used Office of National Statistics (ONS) data to understand Mr G's non-discretionary expenditure, and that it completed a credit check to identify his existing credit commitments and management of credit.

Black Horse says it completed proportionate checks and made a fair lending decision when arranging this agreement for Mr G.

I've carefully considered the information and arguments presented. Having done so, I'm not persuaded Black Horse did complete proportionate checks in this instance; however, for reasons I'll go on to explain below, I consider it did go on to make a fair lending decision when providing Mr G with this agreement.

Mr G was applying for an agreement which I consider had a significant capital value, total repayable value and subsequent monthly repayment. Mr G was being tied into this agreement for a sizeable term of 60 months, and it follows Black Horse needed to satisfy itself that Mr G would be able to sustainably afford this agreement across the full term. As such, I consider proportionate checks relevant to the terms of lending being provided required Black Horse to complete a detailed level of review.

I note that as part of Black horse's checks it obtained details from Mr G's credit file, which didn't identify any concerns. It has noted that Mr G had a 'clean credit file' and his credit score both at the CRA bureaus and through its internal credit scoring model was 'good'. There was no recent adverse information reported, and Mr G was maintaining his existing lines of credit well. The check also identified that Mr G's monthly commitment to existing credit stood at around £330. I think the information Black Horse obtained through its credit check would have given it a reasonable level of comfort that Mr G was largely maintaining his existing lines of credit well.

However, Black Horse validated Mr G's income by way of an online credit tool, and it used his declarations and statistical data to understand his non-discretionary expenditure. Given

what I've set out above about the terms of lending being provided, I consider proportionate checks ought to have led to Black Horse verifying Mr G's actual income and actual expenditure, rather than relying on declarations and figures obtained through online tools and industry averages.

Black Horse could have obtained this information in a number of ways as the rules aren't prescriptive in what it should consider. Our service's general approach is to ask a customer to provide us with their main bank statements showing their income and expenditure covering a period of three months leading up to a lending event. We generally find this allows us to recreate what proportionate checks would more likely than not have shown a lender, had it completed them at the time.

Mr G has provided us with his bank statements which cover the three months leading up to this lending decision. In the absence of any other contradictory information, I've considered this information to understand what Black Horse would more likely than not have identified about Mr G's financial circumstances, had it completed more detailed checks.

Mr G's evidenced salary across the three months averages around £1,700, which is slightly lower than Mr G declared and which Black Horse validated through its checks. However, a small period of a couple of days is missing in the statements we've been provided, covering early December 2021. I also note that Mr G largely appears to be paid weekly, but there are some instances where his salary isn't received in this pattern. There are, however, other credits into the account around these times, and indeed from other parties on an ad-hoc basis across all of the months I've reviewed. So, I think it's reasonable to conclude that Mr G's income across all channels is likely to be around the £30,000 he declared, and therefore equate to around £2,000 per month.

Mr G's evidenced non-discretionary expenditure includes payments associated with a car, including to the DVLA and an insurance provider, and payments to a mobile phone, as well as to his existing credit commitments. These payments total around £1,150 per month; which includes an existing hire purchase agreement with a monthly commitment of around £540, which in any event was settled once this new agreement was provided.

Mr G declared on his application that he was living at home with parents, and this is largely corroborated by his statements as there's no obvious payments towards the usual housing costs you'd expect to see.

I note that Mr G has told us that around the time of this agreement being provided he'd moved in with a partner, and that he was making payments to contribute towards housing costs. I've seen a payment to the individual Mr G has made us aware of in December 2021 and January 2022; however, I've not located a payment to this individual in February 2022. The payments in December 2021 and January 2022 are for varying amounts, but average around £300.

Even if I were to include this payment as a monthly commitment to housing costs, I'm satisfied that Mr G is still left with a reasonable level of disposable income to sustainably afford repayment to this new agreement, as well as other living costs.

So, taking all the above into account I've not seen anything which leads me to conclude Black Horse made an unfair lending decision when providing Mr G with this agreement.

Did Black Horse act unfairly or unreasonably in any other way?

I've gone on to consider whether Black Horse has acted unfairly or unreasonably in any other way, including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974.

As I've set out above, Mr G made all monthly payments in line with the contractual agreement until it was settled early. Black Horse has also provided me with its contact notes which don't evidence any engagement from Mr G to make it aware of any affordability issues. So, it doesn't appear Black Horse was made aware of any concerns with the affordability of the agreement, or ought reasonably to have been aware of any, until this complaint was made.

For the reasons I've set out above, based on the evidence I've seen I don't consider Black Horse acted unfairly or unreasonably in relation to this agreement, or brought about an unfairness in the relationship. As such it follows that I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

It therefore follows, based on my above findings, that I'm not directing Black Horse to take any further action in resolution of this complaint.

### **My final decision**

My final decision is that I don't uphold Mr G's complaint about Black Horse Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 7 November 2025.

Richard Turner  
**Ombudsman**