

The complaint

Mr A, who is represented by a third party, complains that Go Car Credit Limited (“Go Car Credit”) irresponsibly granted him a hire purchase agreement he couldn’t afford to repay.

What happened

In February 2019 Mr A acquired a used car financed by a hire purchase agreement from Go Car Credit. The amount of credit was £7,555.00. Mr A was required to make 48 monthly payments of £315. The total repayable under the agreement was £15,120.

The agreement has since been paid off.

Mr A says that Go Car Credit didn’t complete adequate affordability checks. He says if it had, it would have seen the agreement wasn’t affordable, especially given his financial history. Go Car Credit didn’t agree. It said it carried out reasonable and proportionate checks to establish that the new lending was affordable for Mr A and that he’d be able to repay it sustainably.

Our investigator didn’t recommend the complaint be upheld. She thought that, whilst Go Car Credit could have done more to find out about some active arrears Mr A had at the time, even had it done so it would still most likely have lent to him.

Mr A and those representing him didn’t agree, pointing to the fact that his bank statements showed overdraft use and gambling.

The complaint has therefore 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.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr A’s complaint. Go Car Credit carried out checks to see if the agreement would be affordable. On his application, Mr A gave details of his income, said he was married and renting his home. Go Car Credit asked Mr A about his income and took steps to verify it by requesting several recent payslips. This showed his monthly net income to be around £2,800.

Go Car Credit also took steps to see what Mr A was having to pay each month by way of committed spending, going through the details with him over the phone. This showed his monthly essential expenses to be around £920, including an estimated £185 that he was paying towards existing credit. It also allowed an additional £300 margin. Based on all that it found that Mr A was likely to have around £1,600 available each month, so the new repayment looked to be affordable.

I think the credit check is a bit of an issue here because it showed a recent default on some credit – that is, one that happened within the previous six months. But I've also kept in mind that there were no other recent adverse markings on Mr A's credit file, that Go Car Credit had seen proof of his income and also gone through his typical monthly expenses with him. Nevertheless, Mr A would have been keen to position his application so as to be approved for the new finance. So I think there's something to be said for Go Car Credit doing more to ensure that Mr A's financial situation wasn't at risk of deterioration, especially given that the new agreement was due to be repaid over the next four years.

I say all this in the knowledge that Go Car Credit's customer-base often includes people who have experienced problems obtaining credit elsewhere due to their credit history or for other reasons. So, I think here it would have been reasonable and proportionate for Go Car Credit to have done more to better understand Mr A's specific financial circumstances. One of the ways that Go Car Credit could have verified Mr A's expenditure was by reviewing bank statements from the run-up to the lending decision. Those representing Mr A have provided us with copies from the period leading up to the approval of the finance.

Having reviewed these, our investigator thought that from these there was enough to show that Mr A had sufficient disposable income to meet the cost of the new agreement alongside his existing financial commitments. I think so too and will briefly explain why.

I agree that Mr A looks to have been making transfers to his partner towards household costs. That's something that's consistent with the limited amount of detail the statements show about his payments towards household costs, bearing in mind what he'd told Go Car Credit about them. However, if we accept that these came out at around £1,100 per month – £200 more - then Mr A still had enough disposable income to be able to meet the new monthly repayments.

Those representing Mr A have pointed out that he was making use of his overdraft and having to pay regular fees because of that. Any level of overdraft use that goes beyond short-term or emergency use is a potential source of concern. But, had it been aware, I don't consider Mr A's level of overdraft use ought necessarily to have prompted Go Car Credit not to lend to him. I say this especially given that Mr A appeared able to meet his essential monthly outgoings. He was going into his overdraft due to a large amount of discretionary spending. I've seen that some of this discretionary spending included gambling transactions. Whilst gambling can be a concern if looks to be getting out of control, I'm not convinced that was happening here, or that he was gambling to the extent that the new repayment was or was at risk of becoming unaffordable for him.

It follows that I think the new agreement was likely to be affordable. I don't think Mr A has been able to demonstrate that the agreement was unaffordable. And that means I can't fairly say I would have expected Go Car Credit to think that Mr A might struggle to make the repayments had it done extra checks.

I'm therefore not persuaded that Go Car Credit acted unfairly in approving the finance.

I've considered whether the relationship between Mr A and Go Car Credit might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Go Car Credit lent irresponsibly to Mr A or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons I've given above, 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 November 2025.

Michael Goldberg

Ombudsman