

The complaint

Ms W complains through a representative that Advantage Finance Ltd (“Advantage”) gave her a hire purchase agreement without carrying out sufficient affordability checks.

What happened

Ms W’s original complaint also concerned another finance agreement taken out in 2015 with Advantage but that has been looked at separately under a different complaint number and so I make no findings about that agreement. In addition, motor finance commission was also raised but that is also being dealt with separately.

This decision only deals with an agreement taken in July 2018. Advantage provided Ms W with a hire purchase agreement for a used car through a credit intermediary. The cash price for the vehicle was £14,999 and Ms W used her existing vehicle as part exchange and she received £4,156.24 – meaning £10,842.76 was financed. If she repaid the loan in line with the credit agreement, Ms W was due to repay a total of £22,547.24. This agreement was to be repaid through 59 monthly repayments of £303.60 followed by a final payment of £478.60. The agreement was repaid in March 2021.

Ms W, through her representative complained to Advantage about the agreement and Advantage issued a final response in June 2024, and it didn’t uphold the complaint. Ms W’s representative then referred the complaint to the Financial Ombudsman.

Ms W’s complaint was then considered by an Investigator. They said the checks didn’t go far enough because Advantage wasn’t able to evidence the results it says it received. But the Investigator said that even if further checks had been made by Advantage it would’ve still lent to Ms W.

Ms W’s representatives disagreed with the outcome and provided further information including a copy of her credit report. The Investigator wasn’t persuaded to change the outcome and so 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.

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 Ms W’s complaint. Having carefully thought about everything I’ve been provided with, I’m not upholding Ms W’s complaint. I’d like to explain why in a little more detail.

Advantage needed to make sure that it didn’t lend irresponsibly. In practice, what this means is that Advantage needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Ms W before providing it.

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.

Advantage asked Ms W details of her income, marital status as well as the type of accommodation she had. Advantage also obtained a copy payslip from Ms W and this showed her average monthly pay over the current tax year was about £1,716 – and it was this sum that was used as part of the affordability assessment. This is entirely fair and reasonable and Advantage was entitled to rely on the information it received.

In addition to checking Ms W's income, Advantage used statistical data derived from several sources to establish Ms W's likely monthly living costs. Taking account of where Ms W lived, it estimated monthly rent payments of £368 and government data suggested council tax payments of £82.05 a month. It also used Office of National Statistics data for her utilities and these monthly costs came to £98.61. Advantage then used the information from Ms W's credit file to work out that her monthly credit costs came to £295.92. Overall, Advantage worked out Ms W's monthly living costs came to £844.58.

This left just over £460 per month to cover all other costs after this agreement costs had been factored in. The agreement therefore looked affordable.

I know that a credit search was carried out because Advantage has been able to provide me with the information it received about her monthly credit commitments, but it hasn't been able to provide any other credit search results – which may or may not have shown whether there was any recent adverse credit file data such as defaults.

Based on Advantages checks, and the information I have to hand, I'm satisfied Ms W's income was checked and Advantaged used a number of statistical sources to work out what Ms W's likely outgoings – which is entirely within the scope of the regulations that I'd expect Advantage to follow.

Ms W has provide a copy of her own credit report, which was generated in August 2025, but as that is more than six years after the agreement date, her credit report doesn't cover the relevant period of time – the months leading up to the lending – so I don't know and can't say what Advantage knew or saw in the credit report it may have received.

I've also thought about the fact that Ms W had been a customer of Advantage since 2015, and although its likely and plausible her financial position had changed since then, it was reasonable for Advantage to have considered her previous repayment history. Ms W's 2015 had been paid as expected and there wasn't anything from Ms W's past payment performance that would've given Advantage any cause for concern.

Given, everything I have to hand, I think it's likely that Advantage carried out proportionate checks and those checks showed that Ms W would be in a position to afford the finance. However, the Investigator said, due to not having the credit file results that ought to have prompted a further review of Ms W's outgoings. While I don't entirely agree with this, I have nonetheless reviewed the bank statements that have been provided.

But to be clear, I've only used the bank statements to get an idea of what Ms W's regular living costs are likely to have been at the time. – I've not done this because I think Advantage ought to have requested this information as part of underwriting this loan. Afterall Advantage already had a reasonable idea of Ms W's credit commitments and her income.

Looking at her statements, I can see that there are a number of transactions for bills, petrol and food – but even taking these into account the agreement would've appeared affordable. Bearing in mind any review of the statements wouldn't have included a line-by-line analysis – that would've been disproportionate.

I appreciate, Ms W's representative has provided a breakdown of her costs in the month leading up to the agreement – which has her credit commitments at over £1,500 per month – but that information wasn't reflected in what Advantage was told about the monthly costs she had. And it's for that reason Advantage could rely on what it was told.

Overall, had Advantage made further checks into Ms W's living costs than I still think it would've concluded the agreement was affordable. I am therefore not upholding Ms W's complaint because I think proportionate checks were carried out which showed the loan to be afforded. But even if Advantage had carried out further checks these still would've shown the loan to be affordable and sustainable for Ms W.

Finally, I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Advantage lent irresponsibly to Ms W or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons I've outlined above, I am not upholding Ms W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 8 December 2025.

Robert Walker
Ombudsman