

## **Complaint**

Ms V complains that Startline Motor Finance Limited (“SMF”) unfairly entered into a hire-purchase agreement with her. She’s said the agreement was unaffordable and so she shouldn’t have been accepted for it.

Ms V has used a representative to make her complaint. For ease of reference, I’ll mostly refer to Ms V.

## **Background**

In March 2022, SMF provided Ms V with finance for a used car. The cash price of the vehicle was £16,178.00. Ms V didn’t pay a deposit and entered into a 49-month ‘personal contract purchase’ hire-purchase agreement with SMF for the entire amount of the purchase.

The loan had interest of £7,355.65. So the total amount to be repaid of £23,543.65 was due to be repaid in 48 monthly instalments of £369.85 followed by an optional final monthly payment of £5,780.85 which Ms V had to pay if she wished to keep the vehicle.

Ms V’s complaint was considered by one of our investigators. He thought that proportionate checks would have shown that SMF shouldn’t have entered into this agreement with Ms V. So he thought that Ms V’s complaint should be upheld.

SMF didn’t agree with our investigator’s conclusions so the case was passed to an ombudsman as per the next stage of our dispute resolution process.

## **My provisional decision of 9 October 2025**

I issued a provisional decision – on 9 October 2025 - setting out why I wasn’t intending to uphold Ms V’s complaint.

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

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

SMF confirmed that it accepted my provisional decision and didn’t provide anything further for me to consider.

## **Ms V’s response to my provisional decision**

Ms V directly responded disagreeing with my provisional decision. In summary, she said:

- it was disappointing for the ombudsman not to uphold the complaint after the investigator had said it should be upheld.
- she feels that she was discriminated for making her payments as I said that her payment record didn’t support that the agreement was unaffordable for her.

- at the time of entering into this agreement her budget was £250 a month and she told the consultant this.

Ms V's representative also provided further submissions. It said:

- Ms V had a negative disposable income of almost £2,000.00 in the three months before this application.
- Ms V was borrowing from her son in law and daughter in law in order to stay afloat.
- SMF should have done more than simply rely on estimates of Ms V's living expenses and if it had done so, it would have seen that the monthly payments to this agreement were unaffordable.

## **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 Ms V's complaint.

Having carefully thought about everything I've been provided with, including the responses to my provisional decision, I'm still not upholding Ms V's complaint. I'd like to explain why in a little more detail.

SMF needed to make sure that it didn't lend irresponsibly. In practice, what this means is that SMF needed to carry out proportionate checks to be able to understand whether Ms V could make her payments in a sustainable manner before agreeing to lend to her. And if the checks SMF 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.

SMF Finance says it agreed to this application after it completed an income and expenditure assessment on Ms V. During this assessment, Ms V provided details of her employer and her income. SMF says it also carried out credit searches on Ms V which showed no significant adverse difficulties – such as defaulted accounts or County Court Judgments ("CCJ") recorded against her. Furthermore, it considered that the existing credit Ms V had wasn't excessive and was being reasonably managed.

As I understand it, SMF says when reasonable payments to the amount Ms V already owed and the monthly payments for this agreement were deducted from what it believed to be her monthly income, she had enough left over to meet her living expenses. So it considered the payments to be affordable. On the other hand, Ms V says that these payments were unaffordable.

I've thought about what Ms V and SMF have said.

The first thing for me to say is that this isn't a case of a lender accepting an overoptimistic of assessment of Ms V's disposable income at face value. Indeed, as a result of cross-checking Ms V's declaration income against information from credit reference agencies against the total amount of funds going into her main account and also carrying out credit checks, it's clear that SMF took steps to validate Ms V's income and expenditure.

As I explained in my provisional decision, I don't think that SMF's argument that the checks it carried out before lending to Ms V were reasonable and proportionate is wholly unreasonable. However, bearing in mind the amount of the monthly payments here, I do think that SMF should probably done a bit more to ascertain Ms V's living costs rather than rely on estimates of this. So I'm in agreement with Ms V's representative when it says SMF didn't do enough.

That said, I don't agree with Ms V and the investigator's conclusions on what further checks are more likely than not to have shown. I say this because the investigator reached the conclusion that Ms V had a lower monthly income than what SMF believed. However, given SMF took steps to validate Ms V's declaration of income and this validation suggested her declaration was plausible, I'm satisfied that it was entitled to rely on this.

I've also considered the information Ms V has provided us with. And having done so, the information provided does not clearly show me that when Ms V's committed regular living expenses and existing credit commitments are deducted from her household income, she did not have the funds, at the time at least, to sustainably make the repayments due under this agreement.

It's fair to say that both our investigator and Ms V's representative have sought to extract Ms V's contributions to the household expenditure with a view to determining her individual living costs. However, this approach fails to take into account that Ms V appears to have been operating joint finances with her partner and the main bills were being paid from a joint account.

Furthermore, it seems to me that Ms V was seeking to purchase an asset that would benefit her household, rather than just herself. Given this is the case, I think that this is an instance where it would have been appropriate to have used household income. Equally, I don't think it unreasonable to think that Ms V's partner's contributions to the household expenditure are likely to have flexed up and down to have accounted for this asset that the household, rather than just Ms V, was able to use.

I've noted that in her response to my provisional decision, Ms V has said that she did not wish to include her partner in her decision to purchase a vehicle. To be clear, I accept that Ms V's partner was not included on her hire-purchase agreement. Nonetheless, it is clear that she was operating joint finances with her partner. And my point is that any attempt to attempt to attribute individual contributions to particular items is futile, as this does not reflect how Ms V's living expenses were met.

Finally, while I appreciate that Ms V's representative has carried out its own line-by-line analysis of Ms V's bank statements, I'm afraid that there is limited weight I can place on this. I say this for a number of reasons. Firstly, Ms V's representative's analysis has been prepared with a view to supporting a claim for compensation.

It's fair to say that any explanations Ms V would have provided at the time are more likely to have been with a view to persuading SMF to lend her the funds for the car she wanted, rather than highlighting any unaffordability. So I'm not persuaded that the analysis provided now is necessarily reflective of what SMF asking Ms V about her living expenses is likely to have uncovered.

I'm also mindful that the representative's analysis has been carried out with the use of bank statements. This analysis includes more than just Ms V's committed expenditure and other non-discretionary payments. I would also add that the representative's analysis that Ms V had a negative disposable income of almost £2,000.00 a month is contradicted by Ms V's own submission that her budget was around £250 a month.

I can only assume that Ms V's submission here is that she could afford £250 a month and this doesn't tally with the representative's conclusion that she had a negative disposable income. Equally, while I appreciate what Ms V has said about looking for a vehicle which had payments that were for around £250, the information on the credit agreement will have shown that she was agreement which had monthly payments of just under £370.

Furthermore, while the representative argues that Ms V was borrowing from her daughter and son-in-law to stay afloat, as this wouldn't have been reflected in the credit checks SMF carried out, I don't think that it can reasonably be expected to know about this.

For the sake of completeness, while I've noted that Ms V disagrees with this, nonetheless I don't think it's unfair to consider Ms V repayment record. I say this because in my view Ms V having made all of her payments as and when they've fallen due on this agreement does not support the representative's analysis of Ms V's disposable income.

To be clear, my finding here isn't that Ms V should have missed payments or that the complaint would have been upheld if Ms V had missed payments and/or defaulted on this agreement. My finding was and remains that Ms V's repayment record doesn't appear to support the argument that she had a negative disposable income of around £2,000.00 a month in the way that her representative has argued.

Having considered everything, I'm satisfied that the available information makes it appear, at least, as though Ms V had sufficient funds in order for the monthly payments to this agreement to be made in a sustainable manner.

Finally, given Ms V's comments in response to my provisional decision, I think that it is important for me to explain that I'm not bound by the outcome reached by an investigator. Most importantly of all, I'm required to consider the facts of a case and reach my own conclusion.

So while I accept I can understand why Ms V may feel that it's unfair for her complaint not to be upheld in circumstances where the investigator recommended that it should be, given my findings on what I think proportionate checks are more likely than not to have shown, I'm not persuaded that the investigator's conclusions were correct.

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

However, for the reasons I've explained, I don't think SMF irresponsibly lent to Ms V or otherwise treated 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 accept that there is an argument for saying that SMF's checks before entering into this hire-purchase agreement with Ms V didn't go far enough, I'm not persuaded that further checks would have prevented SMF from providing these funds, or entering into this agreement with her.

So not upholding Ms V's complaint. I appreciate that this will be very disappointing for Ms V. 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 9 October 2025, I'm not upholding Ms V's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms V to accept or reject my decision before 1 December 2025.

Jeshen Narayanan  
**Ombudsman**