

Complaint

Ms D complains that Startline Motor Finance Limited (“Startline”) 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 2021, Startline provided Ms D with finance for a used car. The cash price of the vehicle was £9,695.00. Ms D paid a deposit of £1,200.00 and entered into a 60-month hire-purchase agreement with Startline for the remaining £8,495.00 she required to complete her purchase.

The loan had interest, fees and total charges of £4,514.00 (made up of interest of £4,504.00, and an credit facility fee of £10, which needed to be paid if Ms D exercised her option to purchase the vehicle at the end of the term). So the balance to be repaid of £13,009.00 was due to be repaid in 59 monthly instalments of £216.65 followed by a final repayment of £226.65.

Ms D’s complaint was considered by one of our investigators. She didn’t think that Startline had acted unfairly or unreasonably when lending to Ms D. So she didn’t think that the complaint should be upheld.

Ms D disagreed with our investigator and the complaint was passed to an ombudsman for a final decision.

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 D’s complaint.

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

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

Startline says it agreed to Ms D's application after Ms D provided details of her monthly income which it cross-checked against information from credit reference agencies on the amount of funds going into her main bank account each month.

It says it also carried out credit searches on Ms D which showed that Ms D did have defaulted accounts and county court judgments ("CCJ") recorded against her. However, it considered this information to be historic as the most recent adverse information was recorded a couple of years prior to this application.

On the other hand, Ms D has said that the repayments were unaffordable for her and the stress of having to make these unaffordable payments caused her difficulties going forward.

In my view, the presence of defaulted accounts on any credit search coupled with the amount advanced means that Startline ought to have had a reasonable appreciation of Ms D's actual living costs. I've not seen anything to indicate that Startline did have this information. I'm not persuaded that Startline operating in the market that it did meant that this information wasn't necessary either. So I don't think that its checks before lending to Ms D were sufficient.

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

Having considered everything, the information provided appears to show that when Ms D's committed regular living expenses are combined with her credit commitments and then deducted from her income, she did have the funds, at the time at least, to sustainably make the repayments due under this agreement.

I accept it's possible that Ms D's circumstances may have been worse than what the information she has provided showed. But I need to consider what Startline is likely to have learnt if it had done what it would have been proportionate to do. And if Startline had done this, I think it's more likely than not that it would have concluded that the monthly payments were affordable for Ms D.

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 Ms D 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 Startline 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 Startline and Ms D might have been unfair to Ms D under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I'm satisfied that Startline did not irresponsibly lend to Ms D 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 Startline's checks before entering into this hire-purchase agreement with Ms D did go far enough, I've not been persuaded that reasonable and proportionate checks would have prevented Startline from providing these funds, or entering into this agreement with her.

So I'm not upholding this complaint. I appreciate that this will be very disappointing for Ms D. 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, I'm not upholding Ms D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 5 January 2026.

Jeshen Narayanan
Ombudsman