

The complaint

Mr K complains that a hire purchase agreement with AutoMoney Limited, under which a car was supplied to him, was provided to him irresponsibly and was unaffordable.

What happened

Mr K applied to AutoMoney in June 2024 for credit to pay for a car to be supplied to him. His application was accepted and he entered into a hire purchase agreement with AutoMoney, that he electronically signed later that month. The price of the car was £12,235 and Mr K paid a first instalment of £555.80. He agreed to make 58 monthly payments of £356.85 and a final payment of £455.85 to AutoMoney.

Mr K complained to AutoMoney about the hire purchase agreement in August 2025, but it didn't uphold his complaint. It described the checks that it had made and said that it felt that the agreement was affordable and the checks had been completed accurately and correctly. Mr K wasn't satisfied with its response so referred his complaint to this service.

His complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. She thought that the checks completed by AutoMoney were reasonable and proportionate. She didn't think that its checks ought to have highlighted any concerns about Mr K being able to sustainably afford the agreement or that AutoMoney acted unfairly in approving the finance.

Mr K says that he doesn't agree with the investigator's recommendation and wants a final decision by an ombudsman. He's provided copies of his bank statements, and a credit card statement, which he says show that he was overdrawn consistently and that further credit would have been unsustainable for him.

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.

Mr K applied to AutoMoney for credit to pay for a car to be supplied to him in June 2024 and declared that he was employed, earning £3,000 net each month. AutoMoney says that it matched Mr K's income with information from the credit reference agencies and his income came back as a fully verified true and accurate figure.

AutoMoney says its credit search showed that all of Mr K's active accounts were being paid on time and in full and he had three previous defaults, but they were over two years prior to the agreement. It says that figures from the Office for National Statistics were used for Mr K's expenditure and it determined that his monthly disposable income was £600, so the monthly instalment amount of £356.85 under the hire purchase agreement was affordable for him.

AutoMoney was required to make reasonable and proportionate checks to ensure that any credit to be provided to Mr K was sustainably affordable for him before entering into the hire

purchase agreement. Mr K had declared his income, which AutoMoney had verified, it had made a credit search and it conducted an affordability assessment. Those checks showed that Mr K's monthly disposable income was £600, and deducting the monthly payment under the hire purchase agreement of £356.85 would have left him with only £243.15. AutoMoney has also said that its affordability assessment included £0 for Mr K's credit commitments taken live from his credit file, even though it says that its credit search showed that all of Mr K's active accounts were being paid on time and in full. I don't consider that Mr K being left with £243.15 would be enough to show that the hire purchase agreement was sustainably affordable for Mr K, so I consider that reasonable and proportionate checks would have required AutoMoney to have obtained information from Mr K about his spending.

I don't consider that AutoMoney obtained a detailed enough understanding of Mr K's financial situation, so I don't consider that the checks that it made were reasonable and proportionate in the circumstances of the credit for which Mr K had applied. I've looked at what AutoMoney was likely to have discovered if it had obtained information from Mr K about his spending. Mr K has provided copies of his statements for two banks accounts and a credit card account. I don't consider that AutoMoney was required to review copies of those statements as it could have obtained information about his spending in other ways, but the bank statements are a useful source of information about his spending. An income and expenditure analysis has been conducted using the information shown on the bank statements that Mr K has provided for the period from March to May 2024, the three months before he entered into the hire purchase agreement.

That analysis shows that Mr K's monthly average income was £2,788, so a little less than the income that he'd declared to AutoMoney. Mr K's average monthly living costs were £670.45 and he spent an average of £265.21 each month on his existing credit commitments. The statements don't show any rental payments, but AutoMoney had calculated that Mr K's monthly rent contribution, based on rental exchange values proportionate to household income, would be £603 and I consider that it's fair and reasonable to use that amount in the income and expenditure analysis. Deducting that rent and Mr K's living costs and spending on his existing credit commitments from his income would have left Mr K with £1,249 each month. If AutoMoney had made reasonable and proportionate checks and had obtained information from Mr K about his spending, I consider it to be more likely than not that it would have calculated that Mr K would have been left with enough disposable income each month to be able to sustainably afford a hire purchase agreement with a monthly payment of £356.85 at that time.

One of Mr K's bank accounts was regularly overdrawn but the other had a credit balance during that three month period and I'm not persuaded that there's enough evidence to show that AutoMoney made an unfair lending decision. I've also considered whether AutoMoney acted unfairly or unreasonably in some other way, including whether its relationship with Mr K might have been unfair under section 140A of the Consumer Credit Act 1974. Having done so, I've not seen anything that makes me think that that was likely to have been the case.

Mr K says in his complaint form that he's received an insurance payment due to an accident involving the car, but he'd like AutoMoney to reimburse him for the interest that he's paid under the hire purchase agreement, after deducting the outstanding amount that is owed for the car. I've carefully considered all that Mr K has said and provided about his complaint, but I'm not persuaded that there's enough evidence to show that AutoMoney lent to him irresponsibly. I find that it wouldn't be fair or reasonable in these circumstances for me to require AutoMoney to refund any interest to Mr K or to take any other action in response to his complaint.

My final decision

My decision is that I don't uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 25 February 2026.

Jarrold Hastings
Ombudsman