

The complaint

Miss F complains that Go Car Credit Limited provided her with an unaffordable hire purchase agreement.

What happened

In May 2021 Go Car Credit provided Miss F with a hire purchase agreement. The agreement was for a capital amount of around £6,000 which represented the cash price of the car, and was repayable in 48 monthly instalments of around £250. The agreement had a total repayable value, including interest and fees, of around £12,000.

Miss F complained to Go Car Credit in May 2025 about unaffordable lending. She said Go Car Credit hadn't completed proportionate checks before providing this agreement; and that had it done so it would have identified it wasn't affordable for her.

Go Car Credit didn't uphold Miss F's complaint. In July 2025 it issued a final response letter stating its checks were proportionate and that it had made a fair lending decision when providing this agreement.

Unhappy with Go Car Credit's response Miss F referred her complaint to our service.

One of our investigators reviewed the details and upheld the complaint. He considered Go Car Credits checks needed to have been more detailed, given the information it obtained about Miss F's finances through its credit check. Our investigator went on to consider what Go Car Credit would more likely than not have identified through more detailed checks; and concluded that it would have identified this lending wasn't sustainably affordable for Miss F.

Miss F responded and accepted our investigator's view; Go Car Credit didn't agree. In summary, it maintained its position that it had completed proportionate checks and made a fair lending decision. It referred to adverse information reported on Miss F's credit file which it had identified through its checks, and set out that as a sub prime lender it didn't consider this overly concerning. It said its checks had identified a reasonable level of disposable income for Miss F to have been able to sustainably afford this agreement.

Go Car Credit asked for an ombudsman's review, so the complaint has been passed to me to decide.

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.

The information in this case is well known to Miss F and Go Car Credit, so I don't intend to repeat it in detail here. While my decision may not cover all the points or touch on all the information that's been provided, I'd like to assure both parties I've carefully reviewed everything available to me; but I've focused my findings on what I consider to be the key

points. I don't mean to be discourteous to Miss F or Go Car Credit by taking this approach, but this simply reflects the informal nature of our service.

At the time Go Car Credit arranged each of these agreements for Miss F the relevant rules and regulations required it to carry out proportionate checks. These checks required it to assess Miss F's ability to afford the agreement being arranged and repay it sustainably, without causing her financial difficulties or financial harm.

There isn't a set list of checks a lender needs to carry out, but they should be proportionate, taking into account things like the type, amount, duration and total cost of the credit, as well as the borrower's individual circumstances. And it isn't sufficient for Go Car Credit to just complete proportionate checks – it must also consider the information it obtained from these checks to go on and make a fair lending decision. This includes not lending to someone in financial hardship, and ensuring repayments can be made sustainably.

I've followed this approach when considering Miss F's complaint, and I've set out my findings below under separate headings.

The lending decision

Go Car Credit says before providing this agreement it obtained Miss F's declared income, which it verified by way of two months' payslips and a bank statement showing benefit credits. Go Car Credit also completed a credit check which enabled it to understand Miss F's active credit commitments and her management of credit.

While Go Car Credit has acknowledged that Miss F's credit file reported recent and historic adverse information; it has said that as a sub prime lender it's position in the market is to provide credit to consumers with impaired credit records. It's said it took comfort in identifying Miss F had maintained a previous hire purchase agreement for a similar monthly value; and its affordability assessment satisfied it that this new agreement was affordable.

Go Car Credit says it completed proportionate checks and went on to make a fair lending decision when providing this hire purchase agreement.

I've carefully considered all of Go Car Credit's arguments. Having done so, I'm not persuaded its checks were proportionate in this instance; or that it went on to make a fair lending decision when providing Miss F with this agreement.

I say this because Go Car Credit was providing Miss F with a hire purchase agreement with a relatively sizeable total repayment value and term. So, it needed to be satisfied this agreement was sustainably affordable for the full duration.

While I acknowledge Go Car Credit's comments about operating within the sub prime lending space, that doesn't remove its obligations in ensuring it lends responsibly and in line with its obligations under relevant rules and regulations.

The credit file information Go Car Credit obtained showed Miss F had:

- An active CCJ with a balance of just over £2,000.
- Two active accounts with missed payments within three months of this application.
- An account with sustained missed payments across the most recent three months; with the arrears level increasing.
- An account that had been reported in sustained arrears for at least nine months.

While historic, the credit check also showed:

- Five defaulted accounts.
- A considerable history of high cost credit use; through unsecured loans, home credit loans and advances against income.
- Some of these historic accounts were reported as having been defaulted and sold to debt purchasers.

Go Car Credit calculated Miss F had a monthly disposable income of around £625; however, from the credit file details I've set out above it could see there was active and very recent adverse information reported. I consider Go Car Credit ought to have had concerns that the affordability information it calculated didn't support the credit file information it had obtained.

Given the historic and recent evidenced adverse information reported on Miss F's credit file I consider proportionate checks in this instance should have led to Go Car Credit obtaining a thorough understanding of Miss F's financial situation; by verifying her expenditure in addition to the checks it had already completed, rather than accepting her declarations.

Go Car Credit could have obtained this information in a number of ways as the rules aren't prescriptive in what it needs to consider. Our service's general approach is to ask a customer to provide us with their main bank statements showing their income and expenditure in the three months leading up to a lending event. We generally find that this allows us to recreate what proportionate checks would more likely than not have shown a lender, had it completed them at the time.

Miss F has provided us with her main bank account statements to evidence her expenditure. I acknowledge Go Car Credit could have obtained this information in another way; however, in the absence of any other contradictory information I consider it reasonable for me to place weight on this information.

Miss F's regular income is evidenced across the statements as averaging around £1,095. I note that as part of the application Miss F provided Go Car Credit with bank account statements which evidenced benefit income; and Go Car Credit have provided our service with these. From review I can see Miss F receives a number of benefits and child maintenance payments which total around £1,395. In total I consider it's reasonable to calculate Miss F's average monthly income at around £2,485, which is largely in line with the income Go Car Credit used in its affordability assessment.

Miss F's evidenced non-discretionary expenditure and existing commitments to credit total around £1,965. This includes payments you'd expect to see towards housing and household costs, utilities, and subscriptions. This value doesn't take into account an amount for food or transport costs, such as petrol and associated costs that would come about with the ownership of a car. This is higher than the expenditure value Go Car Credit used in its assessment, and would leave Miss F with an average monthly disposable income of around £520. So, when taking into account payments to this agreement of around £250, Miss F is left with around £270 per month for food, costs associated with running a car, and any other living costs. I'm not persuaded that this is a reasonable level for Miss F to afford this agreement.

In addition, Go Car Credit could see from the credit file it obtained that Miss F's existing monthly commitment to credit was £790 a month, which is supported by the bank statements I've reviewed. Taking into account repayments to this new agreement, Miss F would be committed to paying around £1,040 per month towards credit. This represents over 40% of her monthly income, and I'm not persuaded this is at a sustainable level. I consider this is supported by Miss F's evidenced active and recent management of credit.

I consider there was a foreseeable risk that Miss F would struggle to maintain the monthly repayments to this new agreement, without her needing to borrow further or it having a significant adverse impact on her financial position.

In addition, while I acknowledge Go Car Credit could have verified Miss F's expenditure in a number of ways, the bank statements I've seen show multiple unpaid direct debits across the three months leading up to this lending. This only adds further weight to the financial difficulties Miss F was in, and supports that this further lending wasn't sustainable for her.

Go Car Credit has said it took comfort that Miss F had maintained a previous hire purchase agreement for a similar value. And that she maintained payments to this agreement in line with her contractual obligations, and that it was successfully settled without issue in line with the original term. Go Car Credit suggests this demonstrates the agreement was affordable for Miss F.

While I acknowledge Go Car Credit's comments, I would set out that Miss F having seemingly repaid a previous hire purchase agreement without issue; and repaying this agreement in line with her contractual obligations, isn't evidence that this agreement was sustainably affordable for her.

I consider my thoughts here are supported as Miss F contacted Go Car Credit in 2022 looking to raise an unaffordable lending complaint. The contact notes Go Car Credit has provided show she made it aware that her outgoings were more than the details it had accepted before providing the agreement, but that as this agreement was a priority for her, she was maintaining payments. It appears that when Miss F was informed that the car would be recovered if an affordability complaint was upheld, she withdrew the complaint as she said she couldn't be without the car.

This suggests to me that Miss F saw making payments to this agreement as a priority, and that she did so above meeting other contractual obligations and living costs.

So, taking all the above into account I'm not persuaded this hire purchase agreement was sustainably affordable for Miss F; and I consider proportionate checks would more likely than not have led to Go Car Credit reasonably identifying this. It therefore follows I consider Go Car Credit didn't make a fair lending decision when providing Miss F with this agreement.

Did Go Car Credit act unfairly or unreasonably in any other way?

I've considered whether Go Car Credit acted unfairly or unreasonably in any other way, including whether the relationship may have been unfair under s.140A of the Consumer Credit Act 1974.

However, I've not seen anything to suggest Go Car Credit has acted unfairly or unreasonably in any other way. I'm therefore satisfied the redress I'm awarding in this case, as set out below, results in fair compensation for Miss F in the circumstances of this complaint. As such, based on what I've seen, I don't consider an additional award would be appropriate in this case.

Putting things right

As I've found above that Go Car Credit made an unfair lending decision when providing this agreement, it follows that Miss F shouldn't be required to repay any figure above the cash price of the car, that being £5,999.

As such, I direct Go Car Credit to take the following action in fair resolution of this complaint:

- Refund any payments Miss F has made in excess of £5,999, representing the original cash price of the car. It should add 8% simple interest per year* from the date of each overpayment to the date of settlement.
- Remove any adverse information recorded on Miss F's credit file regarding this agreement.

*HM Revenue & Customs requires Go Car Credit to take off tax from this interest. Go Car Credit must give Miss F a certificate showing how much tax it's taken off, if she asks for one.

My final decision

My final decision is that I uphold Miss F's complaint and direct Go Car Credit Limited to take the above action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 19 December 2025.

Richard Turner
Ombudsman