

Complaint

Mr F complains that Oodle Financial Services Limited (trading as “Oodle” Car Finance) unfairly entered into a hire-purchase agreement with him. He’s said the payments to this agreement were unaffordable and so he shouldn’t have been accepted for it.

Background

In September 2021, Oodle provided Mr F with finance for a used car. The cash price of the vehicle was £29,995.00. Mr F paid a deposit of £1,995.00 and applied for finance to cover the remaining £28,000.00 he needed to complete the purchase. Oodle agreed to provide this finance through a hire-purchase agreement.

The hire-purchase agreement had total interest, fees and charges of £10,600.20 (made up of interest of £10,500.20 a document fee of £50 and an option to purchase fee of £50) and the balance to be repaid of £30,600.20 (which does not include Mr F’s deposit) was due to be repaid in a first monthly payment of £691.67 followed by 58 monthly payments of £641.67 and then a final payment of £691.67.

Mr F’s complaint was subsequently considered by one of our investigators. She thought that proportionate checks would have shown Oodle that it shouldn’t have entered into this finance agreement with Mr F. So she thought that Mr F’s complaint should be upheld.

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

My provisional decision of 3 November 2025

I issued a provisional decision – on 3 November 2025 - setting out why I wasn’t intending to uphold Mr F’s complaint.

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

Oodle’s response to my provisional decision

Oodle responded to confirm that it agreed my provisional decision and that it had nothing further to add.

Mr F’s response to my provisional decision

Mr F didn’t respond to my provisional decision or ask for any additional time in order to do so.

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 Mr F's complaint.

Having carefully considered everything, including events since my provisional decision, I've decided not to uphold Mr F's complaint. I'll explain why in a little more detail.

I think that it would be helpful for me to set out that we consider what a firm did to check whether loan payments were affordable (asking it to evidence what it did) and determine whether this was enough for the lender to have made a reasonable decision on whether to lend.

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.

That said, I think that it is important for me to explain that our website does not provide a set list of mandated checks that a lender is expected to carry out on every occasion – indeed the regulator's rules and guidance did not and still do not mandate a list of checks to be used. It simply sets out the types of things that a lender could do.

It is for a lender to decide which checks it wishes to carry out, although we can form a view on whether we think what was done was proportionate to the extent it allowed the lender to reasonably understand whether the borrower could make their payments. Furthermore, if we don't think that the lender did enough to establish whether the repayments to an agreement was affordable, this doesn't on its own mean that a complaint should be upheld.

We would usually only go on to uphold a complaint in circumstances where we were able to recreate what reasonable and proportionate checks are likely to have shown – typically using information from the consumer – and this clearly shows that the repayments in question were unaffordable.

I've kept this in mind when deciding Mr F's complaint.

Oodle says it agreed to this application after Mr F provided details of his monthly income, which it cross checked against information from credit reference agencies on the amount of funds going into his main bank account and some information on his expenditure. It says it also carried out credit searches on Mr F which showed that he didn't have any county court judgments ("CCJ") obtained against him. It was aware that Mr F had defaulted on a previous agreement around four years prior to this application.

In Oodle's view, when reasonable repayments to the credit commitments Mr F already had were combined with estimates of his living costs and then deducted from his income, he had enough left over to be able to make the monthly repayments to this agreement. On the other hand, Mr F says his existing commitments meant that these payments were unaffordable and there was no way he was going to be able to maintain them.

I've thought about what Mr F and Oodle have said.

The first thing for me to say is that having considered the information provided by both sides, while Mr F did have some existing credit commitments, bearing in mind the length of time

that had passed since his defaulted account, he appears to have managing his active credit commitments reasonably well.

Be that as it may, I still think that in order for its checks to have been proportionate, Oodle would have needed to obtained an understanding of Mr F's actual living costs (as well as what it appears to have known about his income and credit commitments), given the amount lent, the total cost of the agreement and the monthly payments. What I've seen doesn't suggest that Oodle did obtain this before lending. So I'm not prepared to accept that the checks carried out were reasonable and proportionate.

As I'm not persuaded that Oodle did carry out sufficient checks, I've decided what I think Oodle is more likely than not to have seen had it obtained further information from Mr F, based on the information that he's now been provided. As I've explained, I would have expected Oodle to have had a reasonable understanding about Mr F's regular living expenses as well as his income and existing credit commitments before lending.

However, what has been provided leads me to think that even if Oodle's checks had extended into finding out more about Mr F's living expenses, I don't think this would have made a difference to its decision. I say this because when what Mr F's actually committed living expenses are added to the credit commitments Oodle knew about as a result of its credit search and then deducted from the income Mr F declared (which as it was validated Oodle was entitled to rely on), Mr F could sustainably make the repayments due under this agreement.

I note that our investigator concluded that Oodle shouldn't have lent because she had reviewed three months' worth of bank statements and for the first of these months, this showed that the monthly payments were unaffordable. However, I think that our investigator's conclusion is not only flawed it is unreasonable for a number of reasons.

Firstly, there simply isn't a requirement for a lender to review bank statements at all, let alone three months' worth of bank statements. As I've explained, it's for a lender to determine the checks that it wishes to carry out. So I don't agree with the investigator's conclusion that Oodle shouldn't have lent because of what the bank statements showed three months before Mr F's application.

Furthermore, while Mr F's income might have been lower three months earlier, he nonetheless declared a higher figure to Oodle. And as this amount was validated, I'm satisfied that Oodle was entitled to rely on Mr F's declaration at the time rather than what the bank statements showed three months earlier.

I also have to consider Mr F's most recent submissions are being made in support of a claim for compensation. It's fair to say that at the time at least, Mr F clearly wanted the car he'd chosen and any explanations he would have provided are more likely to have been with a view to persuading Oodle to lend, rather than highlighting any unaffordability.

In these circumstances, I find it difficult to conclude that Mr F would have volunteered that he had the level of expenditure he's now arguing he had. This is particularly as he declared a higher income and, in any event, Oodle wasn't required to request bank statements from him in the first place.

Finally, while I accept that this isn't in itself determinative, I do think that it is nonetheless worth noting that Mr F made an advance payment of almost £2,000.00. Not only does this undermine the findings that the monthly payments were unaffordable for Mr F, it also supports Oodle being entitled to rely on what it believed Mr F's situation to be at the time of his application.

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

However, for the reasons I've explained, I don't think Oodle irresponsibly lent to Mr F or otherwise treated him 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 considered everything, I'm satisfied that Oodle didn't do anything wrong when deciding to lend to Mr F - it seems to me that reasonable and proportionate checks will have shown the monthly payments to this agreement to have been affordable. So I'm not upholding this complaint. I appreciate that this will be disappointing for Mr F. But I hope he'll understand the reasons for my decision and at least consider that his concerns have been listened to.

My final decision

For the reasons I've explained above and in my provisional decision of 3 November 2025, I'm not upholding Mr F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 16 December 2025.

Jeshen Narayanan
Ombudsman