

## **The complaint**

Miss G is complaining that Go Car Credit Limited (GCC) acted irresponsibly in lending to her – she says the hire purchase agreement was unaffordable. Miss G's complaint has been handled by a representative, but for ease, I've written as if we've dealt directly with her throughout.

## **What happened**

In October 2023, Miss G entered into a hire purchase agreement with GCC to finance the purchase of a car. The cash price of the car was £8,159 – and this is the amount Miss G borrowed. Adding in the interest and charges, the total repayable was around £13,550, and Miss G had to pay 41 monthly payments of around £330 each.

Miss G complained to GCC in January 2025. She said she didn't think GCC had carried out a reasonable assessment of her creditworthiness before approving the agreement. She said her credit history wasn't good at the time and so GCC had lent to her irresponsibly.

In response, GCC said they'd reviewed Miss G's credit report before lending to her and although this showed some arrears and defaults, it met their lending criteria subject to an affordability assessment. They noted that Miss G had been making payments of £275 per month towards her existing vehicle and this new agreement was intended to replace that one. And they noted that Miss G's defaults were over six months old and so not a reflection of her financial situation at the time of the lending decision.

GCC also said they'd verified Miss G's income automatically. They noted that this was made up entirely of benefits but confirmed that the figure Miss G had given them was accurate. They added that they'd completed an affordability assessment with Miss G, asking her about her spending and using these figures to calculate that she had disposable income of around £700 per month from which to make the repayments of £330 for this agreement. So, GCC said, they were satisfied they'd carried out enough checks and fairly decided the agreement was affordable for Miss G.

Miss G remained unhappy and brought her complaint to our service. It was looked at by two different investigators, neither of whom upheld the complaint. In summary, they said even if the checks weren't proportionate, the evidence available suggested that further checks would have shown the agreement was affordable for Miss G. Miss G didn't accept this. She said one of the defaults on her credit file was only applied nine months before taking out this agreement and was therefore clear evidence of financial difficulty. And she said certain elements of her income shouldn't have been taken into account in an affordability assessment – she said the personal independence payment (PIP) actually related to a family member, and the disability living allowance (DLA) was money for a child rather than her own income. Miss G asked for an ombudsman's decision – and the complaint's come to me.

## **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.

Having done so, and acknowledging it'll be disappointing for Miss G, I'm not upholding her complaint for broadly the same reasons as our investigator - I'll explain more below.

The Financial Conduct Authority (FCA) sets out in a part of its handbook known as CONC what lenders must do when deciding whether or not to lend to a consumer. In summary, a firm must consider a customer's ability to make repayments under the agreement without having to borrow further to meet repayments or default on other obligations, and without the repayments having a significant adverse impact on the customer's financial situation.

CONC says a firm must carry out checks which are proportionate to the individual circumstances of each case.

*Did GCC carry out proportionate checks?*

Before lending to Miss G, GCC:

- Asked her for details of her income and expenditure and used this to estimate her disposable income;
- Verified her income using an automated check; and
- Checked her credit file.

The agreement required Miss G to pay GCC over £13,500, over a period of four years, so the checks did need to be reasonably thorough. And the credit check GCC carried out showed that Miss G had two outstanding defaulted accounts, was in arrears on a home credit account, and had arrangements to pay on a loan and a mail order account. Whilst she was maintaining her existing hire purchase agreement well, with no arrears, the credit report as a whole suggested Miss G might have been in some financial difficulties within the preceding twelve months.

However, GCC verified Miss G's income, and they asked her in detail about her expenditure. Whilst Miss G is now arguing some of her income shouldn't have been taken into account, I can't say it was unreasonable for GCC to use the figure Miss G had told them and they had verified. And, from what I've seen, this figure didn't include the PIP that related to a family member.

I'm satisfied GCC carried out reasonable and proportionate checks. That's because Miss G's credit file didn't show signs of significant financial distress, GCC had a conversation with Miss G about her expenditure, and the disposable income figure they calculated allowed for plenty of headroom even if she'd underestimated some of her expenditure. In addition, their expectation was that she'd settle an agreement she'd been managing to pay without apparent difficulties and would replace it with this one which required payments of only an additional £55 per month.

*Did GCC make a fair lending decision?*

GCC verified Miss G's income was around £3,055 per month. And they calculated that if Miss G's own expenditure figures were correct, she'd have around £700 per month in disposable income before making the repayments due under this agreement. That would leave her with around £470 per month even if she didn't settle her existing hire purchase agreement. So the agreement appeared to be readily affordable for Miss G.

Whilst Miss G's credit file might have caused GCC some concern, they'd have been able to alleviate that through their conversations with Miss G. And it did suggest that Miss G's

financial situation was improving – because she was up to date with her arrangements to pay and the arrears on her home credit account were stable.

On balance, I'm satisfied that the evidence GCC obtained suggested that Miss G would be able to sustainably manage the repayments for this debt. So I can't say they shouldn't have lent to Miss G.

*Did CBMF treat Mrs H unfairly in any other way?*

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think GCC lent irresponsibly to Miss G or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

As I've explained above, I'm not upholding Miss G's complaint about Go Car Credit Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 1 January 2026.

Clare King  
**Ombudsman**