

## The complaint

Miss W complains about a Conditional Sale Agreement (CSA) Stellantis Financial Services UK Limited trading as Vauxhall Finance (Stellantis) approved for her, and their subsequent handling of the agreement prior to it being terminated.

## What happened

In May 2021, Miss W acquired a used car financed through a CSA with Stellantis. The cash price of the car was £19,493.25. Miss W paid a deposit of £1,000, with the balance of £18,493.25 provided as credit through the agreement.

The agreement required Miss W to make 47 monthly repayments of £293.97, followed by a final repayment of £9,550.

Miss W fell into arrears making her repayments in November 2022. She cleared the amount owed in April 2023 but then fell back into further arrears over the months that followed. In June 2024, prior to court proceedings taking place, Stellantis recovered the car, terminated the agreement, and registered a default against the account.

Prior to this, in May 2024, Miss W had complained to Stellantis to say they weren't treating her fairly after they refused to accept a proposed repayment plan to clear the arrears. She didn't think they'd considered her personal circumstances when rejecting her offer and argued how it could be rejected on the basis of affordability when at the time of the application, her income was lower than it was then.

Stellantis didn't agree they'd done anything wrong saying they'd been experiencing concerns with Miss W's agreement since November 2022 and that her arrangement to pay had been refused by the third-party company assigned to manage her debt as it was deemed as being unaffordable for her.

Stellantis further explained the amount owed included her final payment, regardless of her intention to hand back the car at the end of the agreement. They didn't uphold the complaint, explaining that Miss W's agreement had been terminated and it was unable to be reinstated.

Miss W remained unhappy, so she asked the Financial Ombudsman Service to investigate her complaint.

Miss W said, except for one missed payment, she'd had no issue meeting her repayments towards the agreement, until around November 2023 when her personal circumstances led her to struggle financially.

Miss W added she'd made an offer to repay the arrears as she was desperate to retain the car, but that the offer was rejected despite her earning more than she was when Stellantis approved the agreement. She said instead, they started legal proceedings, leaving her no choice but to surrender the car and has since been left with an outstanding debt after the car was sold.

One of our Investigator's looked into things. After both parties provided further information, our Investigator said he hadn't seen enough to show Stellantis had completed reasonable and proportionate checks prior to lending to Miss W but he thought, had they done, they'd have not found any affordability concerns which ought to have meant they shouldn't have lent to her.

Our Investigator also said he thought Stellantis had acted within the terms and conditions of the account when applying a default against Miss W and didn't think Stellantis had acted unfairly when the third-party acting on their behalf in relation to her debt didn't accept her repayment plan proposal prior.

Miss W disagreed with our Investigator's view saying he'd made incorrect assumptions regarding her employment status and income. She said she informed Stellantis she was a student at the time of the application and her student loan wasn't truly disposable. She also said Stellantis shouldn't have relied on her having an existing agreement with them when deciding to lend to her again.

Further, Miss W said the agreement, in addition to her existing debts at the time which can be seen on the bank account statements provided, placed significant strain on her finances leaving her struggling to meet essential expenses, relying heavily on credit to ease pressure.

Because no agreement could be reached, this 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.

Having done so, and I acknowledge it will come as a disappointment to Miss W, I'm not upholding her complaint for broadly the same reasons as our Investigator. I'll explain why.

First, Miss W has presented her concerns in a lot of detail, and I thank her for that. I'm aware I've summarised this complaint in less detail in parts than has been provided, and I've done so using my own words. No discourtesy is intended by this. Instead, I've concentrated on what I think are the key issues here. Our rules allow me to do this.

This reflects the nature of our service as an informal alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to repeat or comment on every detail here, to be able to reach what I think is the right outcome that's reasonable in the circumstances of this complaint.

How we handle complaints about irresponsible and unaffordable lending is explained on our website. It's this approach I've used when deciding Miss W's complaint. Stellantis needed to ensure they didn't lend irresponsibly which in practice, means they needed to carry out proportionate checks to be able to understand whether any lending was affordable and sustainable for her before agreeing to provide the finance.

The rules that apply to credit agreements are set out in the FCA's consumer credit sourcebook (CONC). Section 5.2A of CONC is relevant here, as – among other things – it talks about the need for businesses like Stellantis to complete reasonable and proportionate creditworthiness assessments before agreeing to lend someone money.

I've considered these rules by asking the following questions:

- 1) Did Stellantis complete reasonable and proportionate checks to satisfy themselves

Miss W would be able to meet the repayments of the borrowing without experiencing significant adverse consequences?

- If they did, was their decision to lend to Miss W fair?
- If they didn't, would reasonable and proportionate checks have shown that Miss W could sustainably repay the borrowing?

2) Did Stellantis act unfairly or unreasonably in some other way?

In May 2021, Miss W acquired a used car financed through a CSA with Stellantis. The cash price of the car was £19,493.25. Miss W paid a deposit of £1,000, with the balance of £18,493.25 provided as credit through the agreement.

The agreement required Miss W to make 47 monthly repayments of £293.97, followed by a final repayment of £9,550.

Did Stellantis complete reasonable and proportionate affordability checks?

What's considered reasonable and proportionate in terms of the checks a business undertakes will vary dependant on the details of the borrowing and the consumer's specific circumstances at the time.

Here, the total amount repayable under the agreement was around £24,366, with Miss W committing to make 47 monthly repayments of around £294, followed by one final repayment of £9,550. This was, therefore, a relatively lengthy credit commitment for someone to enter into repaying not an insignificant amount back each month, so my starting point is that I'd expect to see Stellantis to have completed a thorough affordability check.

Stellantis said they completed a credit file check from which they understood Miss W's existing financial circumstances, receiving a score deemed 'good' and 'low risk'. While I've been able to see they were aware of her existing agreement with them, which was to be repaid, I'm unable to read the rest of the result due to the format they've been provided in, so I can't be sure what other results they saw.

Alongside the information from the credit file, Stellantis gathered information from Miss W declared within her application such as her marital, residential and employment status including her income. The data provided shows they were informed Miss W declared she was single, living with her parents and employed with the same company for the past four years, earning an annual salary of £15,000 at the time.

As I said, I've not been able to understand what exactly Stellantis saw from the results of the credit check completed. So, I can't say I'm satisfied they completed proportionate checks.

I've also not seen any evidence Stellantis completed any further checks prior to approving the agreement for Miss W. While Stellantis were aware of Miss W's clean repayment history to the existing agreement, I still would've expected them to have verified her declared income and taken steps to understand her essential expenditure.

But that doesn't necessarily mean I can uphold Miss W's complaint – I now need to consider whether they'd have been able to fairly decide to lend to her if they had done proportionate checks.

If Stellantis had done proportionate checks, what would they have found?

As I've said, I think proportionate checks would have involved Stellantis verifying Miss W's income and finding out about her non-discretionary expenditure to determine whether she'd be able to afford the repayments in a sustainable way.

Miss W has provided a copy of her credit file, so while I've not been able to fully understand the data from the check Stellantis completed, I can see what existing credit accounts she held at the time and how these were being managed this is likely what they would have seen.

Aside from the existing agreement with Stellantis, Miss W held three credit cards at the time, two which were being managed well, and the third showing as being inactive. Miss W held one loan with repayments due of £12 a month, which was up to date and had been managed well. She also held three current accounts and a communications account and did open one further credit card; however, this was opened around the same time as the lending decision, and I think it's unlikely it would have been showing on her credit file at the time.

Our service has asked Miss W for copies of the statements for each of the current accounts she held at the time, for the three months prior to the lending. Miss W has been able to provide statements for two accounts but not the third.

I'm not saying Stellantis specifically needed to obtain bank statements as part of their credit worthiness checks. They could have verified Miss W's income by completing an automated check via the Credit Reference Agencies for example. And with regards to Miss W's essential expenditure, they could've obtained estimates using statistical data, or to have gained an understanding of her actual essential expenditure, they could've simply asked.

But as Stellantis haven't shown they did verify Miss W's income or understand her expenditure, in the absence of other information now, I think the bank statements Miss W has provided, alongside considering the information she's provided about her spend, give me a good indication of her financial circumstances at the time.

Miss W has told our service she informed Stellantis she was a student at the time of the application and because of this was working reduced hours. She's also told our service she was working for a different employer at the time of the application to that which Stellantis had recorded, but I must consider what Stellantis were told at the time of the application and what they would've likely found out had they taken steps to verify her income.

The statements provided show some income, on average around £600 a month, being received into Miss W's accounts over the three months prior to the application. I've seen nothing from the new employer she's mentioned, but a HMRC document she's provided shows that from August 2021, she went on to earn an income from the new employer, so I'm satisfied it's likely she was still working for her existing employer at the time. And I'm also mindful she's not been able to provide statements for all her accounts held at the time.

Miss W had also provided a HMRC document to show she earned around £13,500 during the tax year prior, a net average per month of around £1,750, from the employer declared to Stellantis.

Miss W was also in receipt of a student loan totalling around £7,750 for the academic year, and per calendar month this equated to around £650. So, I think had Stellantis taken steps to verify income, they'd have found her to be in receipt of around £1,250 each month, very close to what ought to have been expected to have been found when considering her declared salary.

I'm aware Miss W has said her student loan shouldn't be considered as disposable income, but I've not included it as disposable income here, rather as part of her overall income which was then used to cover essential spending which would have included both her prior agreement with Stellantis and the new agreement replacing it.

Regarding Miss W's expenditure, I've been unable to gather a true reflection of her essential spend as I've not been able to look at all her bank account statements from the time, but when asked, Miss W has said she paid each month around £120 towards rent, £50 towards utilities, £52 towards phone and interest, £310 towards travel, £86 towards petrol and £80 towards food. Including the £12 credit commitment I can see on her credit report, this left Miss W with a total essential expenditure of around £710 a month.

This meant I think had they asked about her expenditure, Stellantis would have found Mrs W to have had around £540 disposable income each month and would also have found the repayments towards the new agreement were more likely than not affordable.

Finally, Miss W has said Stellantis shouldn't have relied on her previous agreement alone, but I do think it was reasonable for them to have put considerable weight on her management of it up to that point. I say this because they were aware Miss W had already been meeting a repayment of around £192 a month which was to end on inception of the new agreement. So, alongside me being satisfied they likely would have found what I've set out above with regard to income and expenditure, I can't say their decision to lend was unfair.

So, in summary, while I think Stellantis ought to have completed more checks, I think had they done, based on the information available to me, they, more likely than not, could've fairly decided the lending was both affordable and sustainable for Miss W. So, I'm not upholding this complaint.

#### Did Stellantis act unfairly or unreasonably in some other way?

Miss W also complains about the way Stellantis treated her when she fell into financial difficulties making repayments towards the agreement. She says she had no issues with the repayments until around November 2023 when she began to struggle due to her income reducing and doesn't feel they assessed her situation correctly or took her previous payment history into consideration when she looked to put a payment plan in place to clear the arrears.

Looking at the system notes provided, I can see Miss W fell into difficulties making her repayments towards the end of 2022. And in January 2023, an increased payment plan was set up to clear the arrears owed. Unfortunately, this plan appears to fail and after the arrears increased, a default notice was sent in March 2023.

Miss W paid off the arrears in April 2023 but then failed to make her repayments for the following three months, which led to a further default notice being issued in September 2023.

While Miss W did make some repayments, she remained in arrears on the account through until March 2024 when Stellantis instructed a third-party agent to manage the debt owed on their behalf.

I can see Miss W discussed payment plans with the third-party agent and an income and expenditure assessment was completed but due to the additional payments not clearing the arrears prior to the agreement term ending, a plan was deemed unaffordable and court proceedings were instructed. Prior to the matter being dealt with in court, Miss W returned the car.

While I understand Miss W's frustrations, I don't think Stellantis have acted unfairly here. I can see multiple payment arrangements were agreed over the time she held the finance, some of which failed and ultimately after assessing her affordability to make increased payments, the third-party Stellantis instructed deemed her unable to afford the repayments or clear the arrears prior to the agreement term ending.

I understand the agreement's since ended and the car has since been sold to reduce the amount Miss W owes. Should a debt remain in place now, and Stellantis continue to pursue any outstanding debt, as they are clearly aware of Miss W's circumstances and financial difficulties, I'd remind them of their responsibility to continue treating her with forbearance and due consideration going forward.

I've also considered whether Stellantis acted unfairly or unreasonably in some other way given what Miss W has complained about, including whether its relationship with Miss W might have been unfair under s.140A Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think Stellantis lent irresponsibly to Miss W or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

For the reasons I've explained above, my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 2 March 2026.

Sean Pyke-Milne  
**Ombudsman**