

The complaint

Miss K complains that a hire purchase agreement with Specialist Motor Finance Limited under which a car was supplied to her was unaffordable.

What happened

Miss K applied to Specialist Motor Finance in September 2024 for credit to pay for a car to be supplied to her. Her application was accepted and she entered into a hire purchase agreement with Specialist Motor Finance that she electronically signed later that month. The price of the car was £9,995, Miss K paid a deposit of £500 and she agreed to make 59 monthly payments of £268.95 and a final payment of £278.95 to Specialist Motor Finance.

Miss K complained to Specialist Motor Finance in July 2025 about the hire purchase agreement and the checks that it had made before providing the credit to her. It didn't uphold her complaint as it said that it did adequate checks to assess the affordability of the loan and the information that it reviewed, both provided by Miss K and from her credit history, showed that the loan was affordable for her. Miss K wasn't satisfied with its response, so referred her complaint to this service.

Miss K's complaint was looked at by one of this service's investigators who didn't recommend that it should be upheld. Miss K then provided more information about her financial situation, so the investigator looked at her complaint again. Having considered everything, she didn't recommend that it should be upheld. She didn't think that the checks that Specialist Motor Finance completed were reasonable and proportionate for the agreement. She thought that, had it completed proportionate checks, it's likely that it would have discovered that Miss K had disposable income of around £530 each month to make regular, sustainable repayments towards this hire purchase agreement and that Specialist Motor Finance didn't act unfairly by providing her with the hire purchase agreement.

Miss K hasn't accepted the investigator's recommendation and says that she'd like her complaint to be referred to an ombudsman for a final decision. She says that she had other loans which would have shown on her bank statements, if Specialist Motor Finance had requested them, and that her rent is now £600, without council tax, gas, electricity and other essential bills. She says that the car finance is over five years and she's had to take out two further loans to cover her payments.

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.

Miss K applied to Specialist Motor Finance for credit to pay for a car to be supplied to her in September 2024 and she says, in her complaint form, that she needed a car after her old car had to be returned due to being faulty. Specialist Motor Finance says that Miss K declared that she was employed full time with a net monthly income £2,213. It says that it attempted to verify that income but the returned result didn't meet its expectations. It says that it requested payslips from Miss K which showed an income of £1,795.28, so that amount was

used in its affordability calculation. It says that it assessed Miss K's application using a combination of data sourced from credit reference agencies, the Office for National Statistics and industry publications to determine an affordability amount.

Specialist Motor Finance says that its credit search showed that Miss K had 16 active credit accounts, 15 of which were up to date and one account that was one payment in arrears, and two defaults, one of which had already been satisfied and the other had occurred two years prior. Specialist Motor Finance was required to make reasonable and proportionate checks to ensure that any credit to be provided to Miss K was sustainably affordable for her before entering into the hire purchase agreement. As its credit search showed that Miss K was in arrears on one of her credit accounts, I consider that reasonable and proportionate checks would have required it to have obtained information from Miss K about her spending and not to have relied on the data from other sources that it used.

I don't consider that the checks that Specialist Motor Finance made gave it a detailed enough understanding of Miss K's financial situation and I don't consider that they were reasonable and proportionate in the circumstances of the credit for which Miss K had applied. I've looked at what Specialist Motor Finance was likely to have discovered if it had also obtained information from Miss K about her spending.

Miss K has provided copies of her bank statements and the investigator looked at her bank statements for June to August 2024, the three months before she entered into the hire purchase agreement. I don't consider that Specialist Motor Finance was required to have reviewed Miss K's bank statements, as it could have obtained information about her spending in other ways, but they are a good source of information about her income and expenditure.

The investigator conducted an income and expenditure analysis using those bank statements. It showed that Miss K's average monthly income was £1,959, she paid an average of £792 each month for her existing credit commitments, and her other spending was, on average, £628 each month. She calculated that Miss K would've had £539 left each month, so she could sustainably afford the hire purchase agreement with a monthly payment of £268.95.

Miss K has provided further information about her spending and I've carefully considered all that she's said and provided about her complaint, including her responses to the investigator's recommendations. Miss K says that she needed a car and Specialist Motor Finance says that it offers a sub-prime product and provides credit to applicants who wouldn't be approved for prime products and it's not usual to see missed payments and defaults on credit files. I don't consider that the information that was shown on Miss K's credit file, including the historic defaults and the recent arrears, meant that Specialist Motor Finance shouldn't have provided credit to Miss K.

There was no requirement for Specialist Motor Finance to have obtained a complete understanding of Miss K's financial situation. I consider that it's likely that, if Specialist Motor Finance had obtained information from Miss K about her spending, it would have discovered information that was broadly similar to the information that the investigator used in her income and expenditure analysis. I also consider that it's likely that it would have concluded that a hire purchase agreement with a monthly payment of £268.95 would have been sustainably affordable for Miss K at that time and I'm not persuaded that it made an unfair lending decision.

I've also considered whether Specialist Motor Finance acted unfairly or unreasonably in some other way, including whether its relationship with Miss 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. Miss K says that she's had to take out two further loans to cover her payments under the hire purchase agreement. If Miss K is experiencing financial difficulties and isn't able to afford those payments, I suggest that she contacts Specialist Motor Finance and explains her financial situation to it. It's required to respond to any financial difficulties that she's experiencing positively and sympathetically.

I appreciate that my decision will be disappointing for Miss K, but I'm not persuaded that Specialist Motor Finance provided credit to Miss K irresponsibly. I find that it wouldn't be fair or reasonable in these circumstances for me to require Specialist Motor Finance to refund to Miss K any of the interest that she's paid under the hire purchase agreement or to take any other action in response to her complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 16 February 2026.

Jarrold Hastings
Ombudsman