

## The complaint

Miss M, through her representative, complains that Oodle Financial Services Limited trading as Oodle Car Finance (“Oodle”) approved a car finance agreement when she could not afford it.

## What happened

Miss M wanted to buy a car on 12 May 2022. The cash price for the car was £13,520 and Miss M paid £75 as a cash advance. The amount of credit supplied was £13,445 (accounting for the deposit), the interest charged was £9,847.40 and there were two £50 fees: document fee and an option to purchase fee. The total to pay was £23,292.40.

The repayment schedule was a first payment of £436.54 (including the document fee) followed by 58 monthly instalments of £386.54 then the final one was due to be £436.54 (including the option to purchase fee).

Miss M considered that there was something wrong with the car almost immediately she drove it away in 2022. Miss M indicated she wished to reject the car. This was followed by a complaint to Oodle in July 2022 and again in September 2022. Miss M had made four repayments from June 2022 to September 2022 inclusive.

Advice she received from a third party agency was to Voluntarily Terminate (“VT”) the car. It provided her with a VT notice. Miss M agreed to a VT. It was so early in the lending relationship that Miss T owed money still (over £11,000) and that debt was sold in November 2022 to a third party which now owns the debt. The complaint about the quality of the car and whether she should have been able to reject the car rather than VT it was dealt with in 2023. I will not be reviewing that part.

Miss M’s complaint about irresponsible lending was made in December 2024 and Oodle responded with its final response letter in the same month. Some of the facts in that FRL do not accord with details in the file from Oodle. These have been clarified by Oodle recently.

On 8 January 2026 I issued a provisional decision as I did not think that the outcome was an uphold. I set out how I had approached the detailed financial review and that I was planning not to uphold the complaint. That provisional decision is duplicated here for ease of reading.

### What I’ve provisionally decided and why

#### *First sentence*

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 Miss M’s complaint. Oodle needed to make sure that it didn’t lend irresponsibly. In practice, what this means is that it needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Miss M before providing it.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. 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 – suggesting the lender needed to know more about a prospective borrower’s ability to repay.

I have reverted to the specific wording and detail in the Financial Conduct Authority (FCA) Consumer Credit Sourcebook (CONC) Chapter 5 on responsible lending to assist me in relation to Miss M's complaint. I do not set out the FCA wording here as Miss M's representative likely is familiar with that CONC chapter and I refer them to it for the detail.

When considering whether creditworthiness assessments were reasonable which is what the FCA require it to be, there are a number of considerations to guide Oodle that the checks were proportionate: CONC 5.2A.20R and the paragraphs following that one.

Proportionality can be seen as doing reasonable checks within the full context of the loan application, what it was for and other details. I can't improve on some of the wording in the guide paragraph CONC 5.2A.21: *Certain factors may point towards a more rigorous assessment and others towards a less rigorous one in which case the firm should weigh up the factors before deciding what type of creditworthiness assessment is required.*

Miss M applied and informed Oodle that she was employed, earned £19,200 a year (gross), cohabited and was a tenant and before that had lived with her parents. Oodle has demonstrated with evidence recently that it verified her income as £1,377 a month after tax and the annual gross figure as £18,914. As Miss M had declared a gross salary of £19,200 that seems broadly correct.

Oodle carried out a credit search. Her total outstanding debt on the search dated May 2022 was £5,396 of which a large part were the two older defaulted accounts which remained outstanding. Oodle had calculated that her monthly credit commitment repayment was £398 in total.

The credit search Oodle carried out showed that Miss M had a County Court Judgment (CCJ) in 2018 for £428. It had been satisfied in July 2019. This was some time before her application to Oodle. I don't consider it relevant for an application in May 2022.

On the credit search she had a defaulted account from 2018, settled in 2019 for £428 – which looks to be the same record relating to that CCJ.

Miss M had two other defaulted accounts dating from August 2016 and February 2017 which had not been settled. Miss M was in an arrangement to pay for a telecommunications account.

There were two credit cards which Miss M seemed to have been having trouble repaying as they were marked delinquent. One had a balance of £234 on a limit of £250. And the other had a balance of £701 which exceeded the limit of £600. Miss M's monthly repayments on her credit cards likely would have been £28 a month although one was over the limit and would have required over £100 to bring that back in line.

One of Miss M's loans was due to end in 2022 and I cross referred it to her personal credit report (supplied by Miss M recently) and it did end 23 May 2022. That was the one costing her £108 each month. It has been identified by Oodle in its submissions to us as a separate car finance agreement. I don't think it was for that, but even if it was, I have identified it and recognised it stopped just before Miss M took the Oodle car finance agreement. Oodle had raised this and so I mention it to answer its query.

The Oodle credit search showed that Miss M was a little overdrawn on one of her two current accounts but well within her limit of £1,250. Insurance, utilities and phone all came to £290 a month on this credit record, so the £398 figure Oodle had recorded on the credit search as Miss M's monthly repayments looked about right.

Oodle used Office for National statistics figures (ONS data) to assess Miss M's expenditure. These were: insurance, £83, car running costs £150, housing £173, household expenditure ('elastic' and 'inelastic' combined) £291. This plus the credit commitment expenditure of £398 which I've taken from the credit search Oodle did, not the ONS figure, all comes to £1,095. Add on the new car finance arrangement at £387 each month then that comes to £1,482. If I subtract that £108 loan cost for the loan due to end, that comes to £1,374.

As Oodle had verified her income as £1,377 I consider that with these figures, the new car finance looked unaffordable on its own research. So, I think that Oodle ought to have carried out additional checks before lending to see if the ONS figures were broadly correct.

Miss M has provided an Open Banking report. The transaction lists attached to that are what I have used to review Miss M's finances to see what Oodle would have seen had it carried out further checks as I consider it ought to have done.

On accommodation, an issue has arisen between the parties and I deal with that here. Miss M said to Oodle that she was renting, the address she provided to Oodle and shows on the finance agreement is the same that appears on a rental agreement dated April 2023 (a year after the car finance agreement). The monthly rental (shared) was £575 on the 2023 agreement. Miss M has said to us that her rent increased to £575 and before that it was £550. Miss M's current address is that same address. Having considered all these points I am satisfied that Miss M was in the same address in May 2022.

But I have to agree with Oodle that the bank account transactions show no transfers to the party Miss M has told us she paid her rent share to. There were payments between friends or family – back and forth – but most of the time these were relatively small payments. There were no transfers of £225 which is what Miss M's share would have been if she were paying rent. And there were no equivalent cash withdrawals which may have been those payments. In May 2022 I am not satisfied that Miss M was paying for the rent with her partner. It looks like she was paying for some of the bills.

So, I have thought about all of this.

I decided to look closely at Miss M's bank account transactions and do my own calculations. The bank transactions give us more detail as to Miss M's income. Miss M's basic salary was around £1,063 after tax each month. Miss M also received the equivalent of £836 a month in child benefit and working tax credits (around £158 + £35 a week). This means Miss M was receiving just under £1,900 a month as net pay.

For Miss M's outgoings, I used three monthly sections from 12 February to 11 March 2022, then to 11 April 2022 and then to 11 May 2022.

Oodle was only expected to factor in the non-discretionary and committed payments, not all outgoings and so I explain what I have included and excluded here.

I have excluded, food, petrol and payments to friends or to some shops/institutions where it may be that choice had played a part in the purchase. And I have seen that Miss M had a large insurance bill each month of around £215 but she was always reimbursed by a third party and so I have not included that in my calculations. I have not included 'buy now pay later' payments as these often are not long term credit agreements but usually are a budgeting payment system for goods.

I have included: regular insurances, regular phone and telecommunications payments, water bill, TV streaming services and TV licence costs, DVLA (for the old car) instalments, and allowed about £40 a month for the bank account overdraft interest charges. I have included the credit card and loan repayments. As I said earlier in this decision, I know from the Oodle credit search which I cross referenced to Miss M's personal credit report that one loan was due to end and that was one costing her about £108 a month.

The outcome of my three monthly analyses is that Miss M's committed outgoings ranged from £639 in the first month I looked at, £679 in the second and £729 in the third. Using the highest of £729, less the £108 that was the loan cost due to cease, then I think her regular committed outgoings could be calculated as £621. Add in the new car finance of £387 then this would have all added up to £1,008. This left Miss M with around £900 for all the other costs she would have usually been expected to pay. This would have been food and petrol and even the rent if she did start to pay £225 a month.

So, I think that Miss M was able to afford the car. I anticipate that she needed the car for work and for her lifestyle in general and from the evidence I have read, it indicates that she considered the car a necessity.

I have seen from her personal credit report that Miss M's financial situation deteriorated in 2023 but those are matters which occurred after Miss M had taken the car. And I have seen that Miss M made the decision to voluntarily terminate the agreement after taking independent advice from a third party agency. That's not a matter I need to look into as part of this decision.

This is the end of the duplicated provisional decision.

### **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.

Since that provisional decision was issued, Oodle has not responded. Miss M's representative has sent to us further detailed analyses of Miss M's bank account transaction lists. It has asked me to review the following points:

- The food costs ought to be included in my analysis; and
- The rent payments it says were £275 a month in early 2022; and
- The insurance payments of £215 and Miss M's reimbursement of those sums – it says she was not reimbursed; and
- Miss M said she was receiving money from friends and family; and
- Miss M's representative has told us it included in its analysis everything: groceries, rent, and excluded reimbursement for the larger £215 insurance costs. The expenditure cost also included taxes, utilities, media subscriptions, loans/credit card repayments, insurance, health costs, and travel. It has submitted to me that she had a disposable income of £448.67 a month. The car finance payments were £386.54. So, it says that was not enough. It refers to the leftover £62.13 as too small a sum for emergency costs, running a car and having two dependents.

I've thought about the points raised by Miss M's representative and I disagree with what it has said about her outgoings. I've addressed its points below.

Even on the representative's new analysis of Miss M's costs and income, still she had enough disposable income to pay for the car.

My other points are more specific on particular details, and I approach them in the paragraphs which follow.

I have not excluded food because it's not a '*necessary expense*' to quote the representative's phrase. I have taken food out of the equation as it gives a clearer end figure, accounting for the fact that food costs include an element of choice and can vary a great deal. Whereas committed non-discretionary expenditure such as bills and other costs often do not. And in any event, Miss M's representative's calculations including groceries indicate she'd have £448.67 left over each month.

My second point relates to rent. There's no evidence to support that Miss M paid £275 a month in rent, either from the joint tenancy agreement which commenced in 2023, or from the bank account transactions. Even the representative's own new excel spreadsheet sent to us shows £0 for rent from May 2022 onwards.

My third point relates to the insurance to one named provider costing £215.47 each month. The starting point is that Oodle knew that this insurance agreement was due to end (if it had not already ended) when it did its credit search in May 2022. The records Oodle has sent to us show that. So, whether Miss M was being reimbursed or not is somewhat academic as these costs were not going to be part of her I&E going forward from 12 May 2022 – the car finance agreement date.

Further, the financial evidence Miss M has sent to us shows that the payments made to that insurance company were £215.47 paid 21 February, 21 March and 21 April 2022 and they end. On 21 February 2022 one individual paid her £218, on 21 March that same individual paid her £165 and £30 a few days later & then another £130 over the next few weeks in smaller sums. And on 20 April 2022 that same individual paid her £216. So, I am persuaded that she was being reimbursed.

And to finalise this point, the representative's own analysis shows the £215 a month ending April 2022. Having included it in its own I&E calculations Miss M's representative still says that Miss M would have been left with £448.67 each month.

My fourth point is that there's another loan agreement which Oodle's own credit search showed was due to end - £108 each month. And I factored that in as being a cost Miss M would not have had after the car finance agreement started. And Oodle knew this.

My fifth point is, even if Oodle had got to the stage where it needed to verify the non-discretionary expenditure, and if it had chosen to use bank account transactions, I'd not expect Oodle to have noticed or factored in payments from friends and family. This would be too much detail and in my view a disproportionate check.

Finally, with reference to the £62 being too small a sum: Oodle had no knowledge of Miss M having two dependents. I checked Miss M's application submitted to Oodle in 2022. And in any event, my analysis has demonstrated that Miss M would have had more than £62 a month left over each month as the insurance cost and one loan repayment had ended. Miss M has said she needed the car and therefore it would have been an important part of her working life and personal life. I am not persuaded that Miss M could not afford the car.

For the reasons I have given above together with the provisional decision findings, I do not uphold the complaint. I recognise that Miss M will be disappointed but we are an impartial and informal resolution service. I've looked at the evidence and been fair to both parties.

I've also considered whether Oodle acted unfairly or unreasonably in any other way and whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think it lent irresponsibly to Miss M 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**

My final decision is I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 23 February 2026.

Rachael Williams  
**Ombudsman**