

The complaint

Mr S complains that Startline Motor Finance Limited lent to him irresponsibly.

What happened

In April 2024, Mr S applied for and was given, a hire purchase agreement (HP) to enable him to acquire a used car. The terms were as follows:

Cash value	Deposit	Amount of credit	Term	Monthly repayment	Total payable
£30,995	£8,400	£22,595	60 months	£598.12	£44,297.20

On 23 April 2025, Mr S complained to Startline as he felt it had failed to undertake thorough enough checks before lending to him and that the HP was unaffordable. He said that if Startline had checked his bank statements they “*would have revealed massive monthly spending...due to payday loans and...constant gambling*”, as well as an active default.

Startline looked into Mr S’s complaint and issued a final response letter. It set out the checks it had carried out and explained how it had reached its’ decision to lend. It didn’t uphold Mr S’s complaint.

Mr S was unhappy with Startline’s response, so he referred his complaint to our service. One of our investigators looked into it. She felt that Startline’s checks hadn’t gone far enough as his credit file showed some short-term lending and advances against his income which may indicate he was struggling financially. She went on to look at Mr S’s bank statements and, while she calculated he had a disposable income of over £2,000 from which to make the payments to this agreement, she saw significant levels of gambling.

Our investigator said that if Startline had checked Mr S’s statements, it ought to have refused to lend to him. She upheld the complaint and explained to both sides how things should be put right.

Startline didn’t accept what our investigator said so, as there was no agreement, the complaint has been passed to me for a 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.

Having done so, I reached a different conclusion from that of our investigator. I issued a provisional decision saying:

“We’ve set out our general approach to complaints about unaffordable or irresponsible lending on our website, and it has been explained to each party to the complaint by the investigator. I won’t set all that out here and will instead focus on giving the reasons for my decision. I have however taken our general approach into account in deciding Mr S’s

complaint.

I've decided the HP was provided fairly because:

- *I think the checks Startline did before agreeing the HP were reasonable and proportionate given what it knew about Mr S's financial situation.*

Startline's checks showed that Mr S was earning around £3,575 per month, which matched what he'd told it in his application. It calculated his commitments to his existing creditors as being £890 and added the payments needed for this HP to that. This meant (if the application was successful) he'd need to pay £1,500 to creditors which would leave over £2,000 from which to fund his costs of living and discretionary spending. I think this is a reasonable disposable income from which to meet his other commitments. I note that Mr S put down a significant deposit towards this agreement – equivalent to 14 times the monthly repayment.

Mr S's credit file showed he had an existing car finance agreement to which he was paying £314 per month and was up to date. Startline made it a condition of the new HP, that this was to be repaid. So Mr S would have to find around £280 per month for this new agreement. Given the figures quoted above, I think the new agreement appears affordable on a pounds and pence basis.

Our investigator felt Startline should have done more to understand Mr S's situation because of information on his credit file, but I don't agree. The credit file showed he had existing active debts totalling £2,056 (excluding his existing car finance) across a number of accounts such as credit cards, a mail order account, a budget account and some unsecured loans. One of the loans was listed as an 'Advance Against Income'. He also had a credit card account registered as defaulted in May 2022 for £1,622 on which he'd reduced the balance to £802.

So Mr S did have some adverse information on his credit file, but all his active credit was up to date, and he was making payments to the defaulted account. Startline is a near prime lender which means it aims to help people who may have impaired credit histories and may struggle to get credit from mainstream lenders.

I should also make it clear that it isn't for me to decide whether I would have lent to Mr S – it is a matter for Startline's judgement and risk policies. In other words, it's not for me to 're-underwrite' his application. What I need to decide is whether Startline's decision to lend to Mr S was unreasonable.

- *Having considered everything, I think Startline was reasonably entitled to accept the credit risk of Mr S's application. I don't think that it accepted an application that was obviously unaffordable, or that would cause significant harm, given Mr S was looking to buy a newer car for his personal use. In this case, Startline considered that it was prepared to accept the risk of lending to Mr S, even though he had one defaulted account and some credit elsewhere, in circumstances where it looks like he could, on the face of things at least, have paid more than he was obliged to if he wished to do so. Bearing in mind what I've said about Mr S's deposit and his disposable income, I think that Startline's decision to lend wasn't unreasonable.*
- *Based on the information Startline gathered and what it knew about Mr S's circumstances, there was nothing to suggest he was likely to be unable to sustainably repay what he was being lent.*

- *I've carefully read and considered everything each party to the complaint has said. I note that Mr S made his payments in full and on time for the first six months. In October 2024, Mr S contacted Startline to explain his partner had changed payment dates, so they would be late and would make up the payment within a couple of days. He made the payment on 30 October 2024 instead of 28th of the month.*

And on 13 November 2024, Mr S contacted Startline again to say he was moving home so may struggle to make the payment that month. Startline allowed him to miss that payment.

In January 2025 a payment plan was set up to collect the arrears. As part of that process, Startline asked for some bank statements to enable it to ensure the arrangement would be affordable for Mr S. It noted at that point that there was significant gambling through Mr S's account and spoke to him about it. The notes say "discussed with customer and agreed relevant to his salary it isn't an issue. Priority bills UTD" [up to date]. He began to make increased payments of £676.26 from January 2025.

So Startline has shown forbearance to Mr S in allowing a missed payment as a result of changes in his circumstances, and it set up a payment plan at a level which appeared affordable for him. I've not seen anything to show that Startline acted unfairly in any other way.

This means I don't think Startline did anything wrong when it provided the HP to Mr S. I've also considered 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 Startline lent irresponsibly to Mr S or otherwise treated him 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."

Response to my provisional decision

Mr S didn't accept my provisional decision. He said "There is no mention of Startline checking bank statements which is a minimum for other companies when lending large sums of money. Had they done these checks, they would have seen clear evidence of significant gambling, which isn't mentioned in your decision at all, despite playing a significant part in this complaint.

Smaller loans / credit involves bank statement checks, but this which was much larger did not involve that. It was in my opinion irresponsible to miss very [important] checks, and should be noted that many other lenders declined me, only Startline accepted."

I've thought carefully about what Mr S has said, but I don't agree. There is no obligation on lenders to check bank statements during their creditworthiness assessments, and in my experience, it is relatively rare for lenders to do so.

The rules lenders must follow are set out in the Consumer Credit Sourcebook (CONC) which forms part of the Handbook of the Financial Conduct Authority (FCA). CONC 5.2A provides guidance for businesses in their creditworthiness assessments and the types of things they need to consider.

Essentially a business needs to carry out reasonable and proportionate checks to satisfy itself that the applicant would be able to repay the finance sustainably. It's not about it assessing the likelihood of the business being repaid, but it had to consider the impact of the repayments on the consumer. There is no set list of checks that it had to do, but it

could take into account several different things such as the amount and length of the agreement, the amount of the repayments and the overall circumstances of the borrower.

I am satisfied that Startline carried out a reasonable and proportionate check on Mr S's application for credit. I've seen nothing which makes me think that Startline needed to look at Mr S's bank statements to satisfy itself that he would be able to pay the finance sustainably. This being so, there is no way Startline could reasonably have identified that Mr S was gambling at the time.

I do realise that my decision will come as a disappointment to Mr S and I am sorry for that. But for the reasons above, I'm not asking Startline to do anything to put things right.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 January 2026.

Richard Hale
Ombudsman