

The complaint

Mr M complains about issues arising from a hire purchase agreement with Billing Finance Limited under which a car was supplied to him.

What happened

A used car was supplied to Mr M under a hire purchase agreement with Billing Finance that he signed in May 2023. The price of the car was £11,795, Mr M made an advance payment of £135 and he agreed to make 59 monthly payments of £330.49 and a final payment of £331.49 to Billing Finance. Mr M complained to Billing Finance in July 2025 about issues arising from that agreement, including the rate and amount of interest, undisclosed commission and the impact of the monthly payments on him.

Billing Finance said that the Financial Conduct Authority had put a pause in place on responding to concerns regarding commission payments and that it would confirm its stance on that matter at a later date. It didn't uphold Mr M's complaint about the other issues that he'd raised as it said that it was satisfied that the agreement was calculated as confirmed at finance inception, which was accepted by him. Mr M wasn't satisfied with its response so referred his complaint to this service and he said that there was an unfair credit relationship.

Mr M's complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. She thought that Billing Finance carried out reasonable and proportionate checks and she didn't think that it acted unfairly in approving the finance. She said that she hadn't seen anything to make her think that Billing Finance acted unfairly or unreasonably in some other way, including concerning the interest rate and the price of the car. She said that Mr M had also complained about the commission paid to the broker, but once Billing Finance had issued a final response on his commission complaint, if he remained dissatisfied with the outcome, he might be able to refer that complaint to this service.

Mr M didn't accept the investigator's recommendation and requested escalation of his complaint to an ombudsman for a full, independent review. He says, in summary and amongst other things, that the investigator didn't address several critical elements of his complaint which materially affect the fairness and legality of the credit relationship, including: an unfair relationship under section 140A of the Consumer Credit Act 1974; hidden commission; evidence of steering and potential collusion between the broker, Billing Finance and specific dealerships; because of the inflated car price and high APR, enhanced affordability checks were needed; and Billing Finance's conduct and failure to assess the overall risk.

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.

Mr M's July 2025 complaint to Billing Finance was about excessive and disproportionate interest, undisclosed commission and lack of clarity, and the impact on his daily life. He has also complained about the inflated price of the car. Mr M agreed the price of the car with the dealer and he applied to Billing Finance for credit to pay for the car to be supplied to him. He signed the hire purchase agreement which clearly sets out the price of the car, the amount of credit being provided to him, the interest payable (which is also the total charge for credit), the rate of interest (including as an APR), and the number and amount of the monthly payments.

Mr M says that the interest is excessive and exceeds reasonable market standards, but if the amount and rate of interest and the price of the car weren't acceptable to him, I consider that it would be reasonable to expect him not to have signed the hire purchase agreement. Mr M had applied to Billing Finance for credit, wanted it to supply the car to him and he agreed to the terms set out in the hire purchase agreement. Mr M was sent the hire purchase agreement and pre-contract credit information by Billing Finance and the agreement clearly sets out his right to withdraw from the agreement. If any terms of the hire purchase agreement weren't acceptable to Mr M, he had the right to withdraw from the agreement within 14 days, but he didn't do so. I'm not persuaded that there's enough evidence to show that Billing Finance has acted incorrectly in connection with the price of the car or the interest payable under the hire purchase agreement.

In response to Mr M's complaint, Billing Finance said that the Financial Conduct Authority had put a pause in place on responding to concerns regarding commission payments and that it would confirm its stance on that matter at a later date. The investigator said that, once Billing Finance had issued a final response on his commission complaint, if he remained dissatisfied with the outcome, he might be able to refer that complaint to this service. I'm unable to consider Mr M's complaint about any commission that Billing Finance paid to the dealer. I would expect Billing Finance to respond to him on that issue when it's able to do so and, if he's then not satisfied with its response, he may be able to make a separate complaint to this service about that commission.

Mr M says that the monthly payment of £330.49 has become quite burdensome for his current financial situation and wants a review of the contractual imbalance that wasn't disclosed, so the investigator considered whether Billing Finance had made reasonable and proportionate checks and had made a fair lending decision. Mr M had applied to Billing Finance for credit to pay for a car to be supplied to him and he declared that he was employed with a gross annual income of £52,392. Billing Finance verified his income using information available from the credit reference agencies which showed that his monthly income was £3,200. It also completed a credit check and an affordability assessment using expenditure estimates based on information from the credit reference agencies, the Office for National Statistics and its own data.

Billing Finance was required to make reasonable and proportionate checks to ensure that any credit to be provided to Mr M was sustainably affordable for him before entering into the hire purchase agreement. Billing Finance had obtained information from Mr M about his income, which it had verified, it had made a credit search and it had completed an affordability assessment based on estimates of his expenditure. I consider that those checks were reasonable and proportionate in the circumstances of the credit for which Mr M had applied. Mr M says that, because of the inflated car price and high APR, enhanced affordability checks were needed, but I'm not persuaded that Billing Finance was required to obtain more information from Mr M about his spending, to have obtained a more detailed understanding of his financial situation, or to have carried out enhanced affordability checks.

The investigator has asked Mr M to provide evidence of how much his housing and utility costs were for the three months before he entered into the hire purchase agreement, but he

says that he will not provide reconstructed figures, estimates or assumptions which would be inherently unreliable due to the passage of time and would risk mischaracterising the factual record. He also says that the obligation to assess affordability, risk and suitability rested entirely with Billing Finance at the time of lending, not with him retrospectively.

The information that Billing Finance had obtained provided it with an estimate of Mr M's living costs of £1,128 and its credit search identified monthly payments for his existing credit commitments of £178. Deducting those amounts and the monthly payment under the hire purchase agreement of £330 from Mr M's income of £3,200 left him with a monthly disposable of £1,564. I consider that it was fair and reasonable for it to have concluded, on the basis of the reasonable and proportionate checks that it had made, that a hire purchase agreement with a monthly payment of £330.49 was likely to be sustainably affordable for Mr M at that time. The credit check showed that Mr M was in arrears on one account, but I don't consider that it showed that he was under financial distress and I consider that Billing Finance made a fair decision to provide him with credit at that time.

Billing Finance's system notes for Mr M's account show that he's had some issues with his payments and he says that the monthly instalment has become quite burdensome for his current financial situation, directly affecting his budget and stability. I consider that Billing Finance's responses to those issues have been fair and reasonable. Mr M has asked it to freeze interest, default charges and balance increases on existing arrears on his account, but I don't consider that it was required to freeze them. It is required to respond to any financial difficulties that Mr M is experiencing positively and sympathetically. Mr M says that he's provided evidence of ongoing detriment and lack of meaningful engagement by Billing Finance, but I consider that it has responded to his financial difficulties positively and sympathetically.

In response to the investigator's recommendation, Mr M has referred to evidence of steering and potential collusion between the broker, Billing Finance and specific dealerships. Those allegations weren't included in the complaint that he made to Billing Finance, so it hasn't been given an opportunity to respond to them and I'm unable to consider those allegations as part of this complaint. If Mr M wants to make a complaint about those issues, he should complain to Billing Finance about them and then, if he's not satisfied with its response, he may be able to make a separate complaint about those issues to this service.

I've carefully considered all that Mr M has said and provided about his complaint, including his detailed responses to the investigator's recommendation, and I appreciate that this has been a difficult time for him, but I'm not persuaded that there's enough evidence to show that Billing Finance lent to him irresponsibly. Nor am I persuaded that there's enough evidence to show that Billing Finance acted unfairly or unreasonably in any other way. Section 140A gives a court the power, amongst other things, to require a creditor to repay any sum paid by the debtor under a credit agreement if it determines that there's an unfair relationship between the debtor and the creditor. I don't consider it to be likely that a court would view Billing Finance's relationship with Mr M as unfair under section 140A in these circumstances. I find that it wouldn't be fair or reasonable for me to require Billing Finance to take any further action in response to Mr M's complaint.

My final decision

My decision is that I don't uphold Mr M's complaint.

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

Jarrold Hastings

Ombudsman