

The complaint

Miss H complains that Tandem Motor Finance Ltd unfairly entered into a hire purchase agreement with her.

What happened

In October 2023, Tandem provided Miss H with finance for a car. The cash price of the car was £18,995 and there was a deposit of £250. The amount of credit taken with Tandem was £18,745 and the interest payable was £7,657.40. There was an option to purchase fee of £10. Overall, Miss H needed to make 59 monthly payments of £440.04 and a final payment of £450.04 – a total term of 60 months.

In summary, Miss H says she entered into the agreement under duress from a third-party, and she was also unemployed at the time. She says she contacted Tandem in December 2023 to explain the situation and was told someone would call her back, but this didn't happen. So, in May 2024, Miss H complained that she had been irresponsibly provided with the credit. In later correspondence, Miss H said she realised some months later that she called the broker instead of Tandem in December 2023.

Tandem reviewed matters but didn't uphold the complaint. In summary, it said it completed a review of Miss H's application including checking Miss H's credit history, income and expenditure. Following these checks, it found that the agreement was affordable. It also noted that all payments had been made on time and in full since the start of the agreement.

Tandem also said it wouldn't have been aware of the difficult circumstances Miss H had described, and that it had no record that Miss H had contacted it in December 2023. It also said it hadn't been made aware that Miss H was experiencing financial difficulties. Miss H remained unhappy and brought her complaint to this service.

During this time, Tandem agreed to write-off the remaining balance on the agreement and update Miss H's credit file accordingly. However, Miss H said she wanted a refund of the payments made under the agreement along with 8% simple interest.

An Investigator here reviewed matters. In summary, she thought Tandem had fairly dealt with the element of Miss H's complaint that related to taking the agreement out under duress, so she focused only on whether the agreement was affordable. Having done so, she thought Tandem ought to have found out more about Miss H's non-discretionary spending before providing her with credit. However, had it done so, based on the information Miss H had provided, she thought it would have found that the lending was likely to be affordable.

Miss H disagreed with this position. In summary, she thought proportionate checks would have revealed that she wasn't working and the agreement was unaffordable for her. She also reiterated that the agreement had been taken out under duress. So, whilst Tandem had written off the debt, it should also refund the payments made to the agreement before this point along with interest. Ultimately, Miss H said the agreement should be considered void or unenforceable. Miss H also said she wanted compensation because she thought there was a lack of timely intervention or support from Tandem.

Ultimately, an agreement wasn't reached so the case was passed to me to decide. I issued a provisional decision because it was my intention to comment on matters that our Investigator hadn't considered in her opinion. I've copied the findings of my provisional decision below, which also forms part of this final decision:

“What I've provisionally 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.

Firstly, I understand just how strongly Miss H feels about this matter and I have taken into account all of the submissions that have been provided by both parties. However, it's important I explain that my decision will only focus on what I consider to be the crux of Miss H's complaint. This isn't intended to be discourteous, but instead it reflects my informal role in reaching a decision here.

I also note Miss H has raised some other points about matters that have occurred more recently. However, this decision will focus only on the broad complaint that Tandem has had the opportunity to comment on, in line with the rules that govern this service. It follows that I make no comment on the more recent issues Miss H has raised.

I've started by looking at whether Tandem acted fairly and reasonably when entering into the hire purchase agreement. The rules and regulations in place at the time Tandem entered into a hire purchase agreement with Miss H required it to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Tandem had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Miss H. In other words, it wasn't enough for Tandem to consider the likelihood of it getting the funds back – it had to consider the impact of any repayments on Miss H.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Tandem did what it needed to before lending to Miss H.

As I understand it, the application initially took place online. The application form outlined that Miss H had a gross annual income of close to £64,000. Tandem says it validated that Miss H's income was around this figure using an external report. It also completed a credit check which, in summary, showed no Individual Voluntary Arrangements, defaults, or County Court Judgments (with a total value greater than £500) recorded in the last 36 months. It recorded that Miss H's existing commitments were up to date and that she had unsecured debt of between £2,000 and £3,000 excluding any mortgages.

Tandem used external sources to estimate Miss H's expenditure. As I understand it, what Tandem refer to as a 'validation call' also took place around the time of application. Ultimately, following its checks, Tandem thought Miss H had enough disposable income to be able to afford the repayments towards the agreement.

I'm conscious that the information provided by Tandem suggests that Miss H initially didn't meet the lending criteria and so the application was referred for a manual review where payslips and possibly bank statements would be requested. However, it was able to validate Miss H's income using an external affordability report. Therefore, it no longer required additional documents from Miss H.

Having thought about this, whilst it's unclear to me why Miss H's application was referred for a manual review, I think the information gathered about Miss H's income was reasonable in the circumstances. I say this because Tandem was able to verify Miss H's income at an amount not too dissimilar to what was provided on the application form with a high confidence factor. However, considering the amount Tandem was proposing to lend, I think it ought to have understood more about Miss H's committed non-discretionary expenditure before providing her with the lending, as opposed to essentially using estimations.

It's important to outline that Tandem didn't need to necessarily review Miss H's bank statements at the time; it could have understood more about her committed non-discretionary expenditure in a variety of ways such as by having a conversation, which I think would have been reasonable in the circumstances. However, reviewing bank statements is an easy way for this service to piece together what further checks would have likely revealed, particularly given that Miss H may not recall what would have likely been declared some years earlier. Having reviewed the statements available to me, I'm persuaded that Tandem would have found that the agreement was likely to be affordable for her.

Miss H says she was unemployed at the time of lending, and so the information gathered by Tandem was incorrect. However, Tandem didn't just accept the income information declared on the application form. It verified this using an external source before being satisfied with the information it gathered. Overall, in relation to Miss H's income, I think Tandem's checks went far enough here, and I don't think it was unreasonable for it to rely on the information it gathered.

As outlined above, I think Tandem ought to have asked further questions about Miss H's committed non-discretionary expenditure, however, based on the available information, I think this would have revealed that the lending was likely to be affordable. I appreciate the checks may not have revealed the full extent of Miss H's circumstances, and I'm conscious Miss H says she was experiencing difficulties including with her rent and council tax payments and that she was using her overdraft. However, I need to consider what proportionate checks would have more likely than not revealed. Having done so, I think they would have revealed the lending was likely to have been affordable.

I appreciate Miss H says the agreement was taken out under duress, and I've thought about whether Tandem ought reasonably to have been aware of this. If Miss H was coerced by another party into taking out this loan, that wouldn't mean that it was unenforceable or that Miss H wasn't bound by the loan agreement. However, I think this is relevant to whether it was responsible to lend to her – if Tandem knew, or ought reasonably to have known, that Miss H wasn't taking this loan out voluntarily, then it ought to have questioned whether it was appropriate to lend to her. With that in mind, I've looked at the evidence to understand what Tandem knew, or ought reasonably to have known, at the time it agreed to lend.

I've thought about what Miss H has said about the application journey and the conversations that took place with the broker. Tandem hasn't been able to provide calls that took place around the time of the application, and this service also hasn't been able to obtain this information from the broker who I understand was party to these calls, which is unfortunate. So, I have to base my assessment on the available information. Having considered what Miss H has said about the conversations held with the broker, I'm not persuaded that the

broker, or indeed Tandem, would have been aware that she was being coerced into taking the agreement as opposed to the third party dealing with matters on her behalf.

I appreciate Miss H has referenced her experience whilst in the dealership and, as I understand it, has suggested that her circumstances were clear then. However, it doesn't appear that the dealership was involved in the sale of the finance itself. So, I can't reasonably conclude that Tandem ought to have been on notice about Miss H's difficult circumstances at this point.

So overall, whilst I think further checks ought to have been carried out, I think these would have likely revealed that the lending was affordable for Miss H, and wouldn't have shown that there was any other reason not to lend. Therefore, I'm not persuaded that the lending was provided irresponsibly.

As well as ensuring that the credit would be affordable for Miss H when it was initially provided, Tandem also had an obligation to ensure it treated Miss H fairly once the agreement was in force. So, I've thought about this next.

I've considered that Miss H says she contacted Tandem shortly after the agreement began, in December 2023, to explain it had been taken out under duress. However, Tandem's contact notes don't evidence that a conversation was held at this point. In further correspondence with this service, Miss H said she actually contacted the broker involved with the sale, as opposed to Tandem. This service asked Tandem whether it was aware of this contact, and Tandem said the broker didn't share this information. It said that whilst the broker does continue to act as its agent following the sale, this was only between Tandem and the dealer; it said it generally deals with the customer directly once the loan has commenced.

Having thought carefully about all the circumstances, I don't think it's unreasonable that Tandem didn't act on information it wasn't aware of, and the information suggests that Tandem doesn't appoint the broker as its agent in dealings with their consumers after the sale of the agreement. So, whilst I appreciate Miss H's strength of feeling on this point, I can't fairly conclude that Tandem ought to have been on notice about Miss H's difficult circumstances earlier than when she complained about matters in May 2024. I say this especially considering repayments were made in full and, as I understand it, on time up until this point.

I've next thought about the actions Tandem took once it was on notice about the difficult circumstances Miss H was dealing with. Tandem provided Miss H with a final response letter in May 2024 disagreeing that the lending had been provided irresponsibly. Following this, however, it began an investigation in the background given that Miss H said the agreement had been taken out under duress. Repayments towards the agreement were maintained over the next few months. I'm also conscious that during a conversation in July where voluntary termination was discussed, Miss H indicated to Tandem that she wanted to await the outcome of the investigation before moving forward with an option.

In October 2024, Miss H told Tandem she wouldn't be able to afford payments for that month, or the months thereafter. Tandem ultimately approved a voluntary termination in October 2024.

The following month, Miss H and Tandem discussed matters and Tandem agreed to put the account on hold for 60 days whilst the investigation continued. In around December 2024, following a conclusion of the investigation, Tandem agreed to write off the remaining balance on the account after it accepted that the agreement had indeed been taken out under duress.

I understand Miss H isn't happy about this and has asked for a refund of the payments made towards the agreement plus interest. However, as outlined above, even though Tandem now accepts she took the loan out under duress, that doesn't make the agreement void or unenforceable. And, as I've also explained, I don't think Tandem provided the lending irresponsibly. I think it was only aware about Miss H's difficult circumstances from May 2024 and from that point onwards, it was investigating matters to decide on the next best steps. When Miss H could no longer make repayments, it proceeded with voluntary termination and subsequently applied a hold on the account for 60 days, before writing off the balance. So, overall, I think it ultimately offered forbearance in the round, and I think it treated Miss H fairly here.

Miss H also asked for compensation given the length of time things have been ongoing. However, I think Tandem was only aware of her circumstances when she raised a complaint and since then, it was investigating matters. Having thought carefully about the circumstances, I think the steps Tandem has already taken are fair here, and I'm not minded to direct it to do anything further.

Therefore, overall, I'm currently minded to say that Tandem didn't unfairly enter into the agreement with Miss H nor did it treat her unfairly when it understood the difficult circumstances she was dealing with. 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 can't reasonably conclude that Tandem lent irresponsibly to Miss H 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 provisional decision

My provisional decision is that I'm not minded to uphold this complaint."

Tandem didn't respond to the provisional decision by the deadline set. Miss H disagreed with the decision and provided several points in response. I've summarised her main points below:

- Miss H reiterated that the agreement had been taken under coercion by a third party. She says Tandem knew this, which is why the relevant call recordings are no longer available – a matter she says is concerning and goes against the rules set out by the Financial Conduct Authority (FCA).
- The third party's name was added to the account, and they were able to speak with the relevant parties. They were only removed later at Miss H's request.
- Miss H disclosed in December 2023 that she was coerced into taking the agreement, however appropriate action wasn't taken.
- Tandem told Miss H that allegations of coercion were hard to prove, and an investigation was required, however no clear timescales were given. Miss H says this is inconsistent with the FCA's Principles for Business, specifically Principle 6 which sets out that a firm must pay due regard to the interests of its customers and treat them fairly. Miss H says it also goes against the FCA's guidance for firms on the fair treatment of vulnerable customers FG21/1.
- Tandem didn't ask for bank statements until September 2024, however they should

have been requested much sooner in the investigation.

- Despite Miss H repeatedly asking for the car to be taken back, collection was delayed and she had to continue making payments towards the agreement. Eventually, she felt forced to proceed with voluntary termination due to a lack of action, despite the car not being in her possession and her vulnerabilities being known. If she'd known the investigation would take several months, or the gathering of evidence had begun sooner, she'd have made an informed decision sooner about terminating the agreement.
- Miss H says she continued making payments to her account from May 2024 until the voluntary termination occurred because she was afraid for reasons including the impact that stopping payments would have on her credit file; that nobody believed her; that she would lose everything; and she was also afraid of the third party. She says being told coercion was hard to prove also trapped her into continuous payment.
- Miss H's mental health deteriorated severely by October 2024 and it was only then, when she was at a crisis point, that she was offered weekly mental health check-ins; however, this support came too late.
- Miss H received contact from the broker to take out more finance, despite her disclosures about her existing finance agreement.

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.

I've read and taken into account all of the information Miss H has provided when coming to my decision, though I haven't specifically commented on every point Miss H has raised, or every piece of regulation she's referred to. Instead, I've focused on what I consider to be the crux of the matter, in the same way I did in my provisional decision.

Having done so, I've reached the same conclusions as I did in my provisional decision for the same reasons. However, I'll address what I consider to be the main points Miss H raised in response to the provisional decision.

I understand Miss H's concerns that the call recordings from the time of the application aren't available, and I acknowledge that it's unfortunate. However, I haven't been provided with anything to suggest that Tandem didn't make reasonable attempts to recover the calls. Similarly, this service was also unable to obtain the calls from the broker and so I need to base my decision on the available information.

I've considered Miss H's testimony, including her points that the third party's name was added onto the account, they led the conversations during the application process, and presented themselves as the decision-maker in matters. However, as outlined in the provisional decision, I'm not persuaded that Tandem or the broker would have been aware that Miss H was being coerced into taking the agreement by the third party. I'm more persuaded, based on all the available evidence, that Tandem and the broker would have instead thought that the third party was dealing with matters on Miss H's behalf.

Miss H reiterated that she made it clear in December 2023 that she was coerced into taking the agreement. However, she later explained this disclosure was made to the broker. As

outlined in my provisional decision, Tandem said the broker didn't share this information with it. It also explained that the broker didn't continue to act as its agent following the sale when dealing with matters involving the consumer. With this in mind, I'm still not persuaded that Tandem ought reasonably to have been aware of the difficult circumstances Miss H was dealing with at this point.

I note Miss H has since raised concerns that the broker should be liable for some of the problems that occurred, including that appropriate safeguarding didn't take place following her disclosures in December 2023, and it failed to share the information she provided about her vulnerabilities. Miss H also raised concerns that the broker contacted her to take out more finance despite it being aware of her circumstances. As I understand it, Miss H wanted to know whether her concerns about the broker could be considered as part of this complaint. However, this decision will only focus on the actions of Tandem. Whilst Tandem is responsible for matters occurring around the time the agreement was entered into, I don't find that it acted unfairly here. And, as outlined, I'm unable to hold Tandem responsible for the actions of the broker after this, given that it doesn't act as Tandem's agent following the sale when dealing with their consumers.

Miss H is unhappy with Tandem's actions once it was aware of her difficult circumstances in 2024. She says she was told it would need to investigate the allegation of coercion, but it gave no timescales. She says the process was delayed, and Tandem only requested her bank statements in September 2024, when it ought to have done this sooner in its investigations.

I appreciate it would have been helpful to understand exactly how long it could take for the investigation to conclude. However, I'm conscious that Tandem needed to ensure it completed a thorough investigation into matters, which would have likely involved not only liaising between its own departments, but also discussing matters with third parties. As such, I understand it would be difficult to provide a clear and exact timeframe within which Miss H could expect an answer.

I've considered Miss H's point about when Tandem requested her bank statements, however, it's not for this service to tell Tandem the way in which it should structure its investigations. Here, the information provided suggests that Tandem's overall investigations started before this point, and so I've not been provided with enough to persuade me that Miss H has been disproportionately disadvantaged as a result of when the statements were requested.

Miss H says she would have made an informed decision about terminating the agreement sooner if she knew how long the investigation would take. However as outlined above, I don't think it's wholly unreasonable that Tandem was unable to give Miss H a clear and exact timeframe of how long things could take. It did, however, present Miss H with information about the voluntary termination process as early as July 2024 and I think it was ultimately up to Miss H to consider how she wanted to proceed in the circumstances. Miss H said in July 2024 that she wanted to await the outcome of the investigation before moving forward. So, overall, I think Tandem provided enough information for her to make an informed choice about how she wanted to proceed.

Miss H says she asked for the car to be collected several times, and she had to continue making payments towards the agreement in the interim. Miss H says she only made the payments because she was afraid of the implications of not doing so, and because she was told by Tandem that allegations of coercion were difficult to prove. I'm conscious that Tandem was still investigating matters over this period, and it provided Miss H with her options for termination. As outlined above, Miss H initially said she wanted to await the outcome of the investigation, before going ahead with the voluntary termination process in

October 2024. I appreciate Miss H's point about why she felt she needed to continue with repayments over this period, however I think she was provided with enough information to decide how she wanted to move forward. In the circumstances, I don't think it's unreasonable that Tandem continued to collect payments from Miss H over the period it was investigating matters, in line with the terms of the agreement, especially considering Miss H said she wanted to await the outcome of the investigation before moving forward with an option.

I've also considered that Miss H says that her mental health deteriorated severely, and it was only when she reached crisis point in October 2024 that Tandem offered her weekly mental health check-ins, as opposed to offering support earlier than this.

Prior to this point, I can see that Miss H was referred to the specialist support team to discuss matters and Tandem completed a welfare call to Miss H around May 2024 whilst the complaint was being investigated. I was pleased to see that these actions took place, considering what Tandem knew about Miss H's circumstances. And, towards the end of the investigations into the allegations of coercion, Tandem did complete more regular calls with Miss H. That being said, I think Tandem could have done more to support Miss H over the period between this, and particularly during the start of the investigation. I acknowledge that not having regular updates on matters would have caused Miss H worry and distress.

I've thought about what Tandem has done overall to remedy matters for Miss H. Following its investigations, it agreed to write off the remaining balance on the account which was a sizeable sum of money. Having considered all the circumstances in the round, whilst there were certainly things Tandem could have done better during the process, I think its overall resolution to matters goes far enough here. It follows that I won't be asking it to do anything further.

Therefore, whilst I'm sorry to disappoint Miss H, I still don't think Tandem unfairly entered into the agreement with Miss H nor did it treat her unfairly when it understood the difficult circumstances she was dealing with. 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 can't reasonably conclude that Tandem lent irresponsibly to Miss H 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

For the reasons outlined above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 12 February 2026.

Hana Yousef
Ombudsman