

## The complaint

Miss W complains through a representative that Black Horse Limited (“Black Horse”) gave her finance without carrying out sufficient adequate affordability checks.

## What happened

In February 2021, Black Horse provided Miss W with a hire purchase agreement for a used vehicle through a credit intermediary. The cash price for the vehicle was £16,363 and Miss W paid a £1,000 deposit, meaning £15,363 was financed. There were interest, fees and charges totalling £3,695.24 with Miss W having to repay a total of £20,068.24 including the deposit.

Miss W was due to repay the loan through 48 monthly repayments of £228.13 followed by a final optional payment to own the vehicle of £8,118. The agreement was refinanced in January 2025 to a new monthly repayment figure of £252.32. An outstanding balance still remains due.

Black Horse failed to provide a file or acknowledge the Investigator’s request for information and so the Investigator assessed the complaint. The complaint wasn’t upheld because even if Black Horse had made better checks, it would’ve likely discovered the finance was affordable. Miss W’s representative didn’t agree.

These comments didn’t change the Investigator’s mind about the outcome and as no agreement could be reached, the complaint has passed to me. I then issued a provisional decision explaining the reasons why I was also intending to not uphold Miss W’s complaint.

Both parties were asked for any further submissions, but these needed to have been received no later than 16 December 2025. Black Horse said it accepted the findings of the provisional decision.

Miss E’s representative asked for further time in order to provide additional bank statements. This further time was given until 30 December 2025. That deadline has now passed, and no further information has been provided by either Miss W or her representative – as such I am now content to issue the final decision on this matter.

A copy of the provisional findings follows this in smaller font forms part of this final decision.

## What I said in my provisional decision:

*I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.*

*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 W’s complaint. Having carefully thought about everything I’ve been provided with, I’m still not upholding Miss W’s complaint. I’d like to explain why in a little more detail.*

*Black Horse needed to make sure that it didn't lend irresponsibly. In practice, what this means is that Black Horse needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Miss W 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 – suggested the lender needed to know more about a prospective borrower's ability to repay.*

*It is disappointing that despite multiple attempts by the Investigator, Black Horse failed to engage and provide its file to the Financial Ombudsman Service – had it done so the Investigator's view would've been more detailed about the types of checks carried out.*

*However, since I became involved in the complaint it has now provided a copy of its submissions. The first thing to say is a final response letter was issued on 1 March 2025. The letter is correctly addressed to Miss W and so I don't know why this hadn't been received. The letter gave reasons why Black Horse didn't uphold the complaint.*

*Now a submission has been provided by Black Horse, it has given me an opportunity to see what sort of checks it did, whether these were proportionate or whether – as the Investigator recommended that further checks would be needed.*

*As part of Miss W's application, she told Black Horse her gross annual salary (from full time work) was £26,780 which worked out at about £1,821 net per month. It doesn't appear that Black Horse took any steps to cross check or verify what Miss W had told it. This is something it may have wanted to have done – and I come on to this later.*

*Thinking about Miss W's living costs, Black Horse recorded no rent or mortgage payment. In some circumstances that may have been reasonable, but as far as I can see there wasn't any indication from the information provided that Miss W declared she lived at home or had a reason why she may not have paid rent.*

*Black Horse then used a cost-of-living payment of £374. I understand, from working other cases that this figure is derived from the Office of National Statistics – to this it added the credit commitment payments that it discovered – which based on the credit check results added up to a further £27 per month. Overall, this left a disposable income of £1,419 per month. Based on Black Horse's calculation the car finance looked affordable.*

*Black Horse carried out a credit search, and it has provided a summary of the information it has received. It knew Miss W had six active accounts with a total outstanding debt of £927 – which isn't a great deal. There were no signs that Miss W had or was likely having financial difficulties. There were no missed payments, defaults, County Court Judgements or any other types of insolvency.*

*I've thought about all of this – and there is an argument that the checks were proportionate after all the credit search results didn't suggest any impaired credit history. But, overall I don't think I can fairly, or reasonably, conclude the checks Black Horse carried out were proportionate. I say this bearing in mind no cross checking of her income had taken place, and no real detail of her living expenses were gathered.*

*Black Horse could've simply asked for more detail from Miss W about her other non-discretionary living costs, asked for evidence from Miss W about her bills, or any other documentation it felt it may have needed. Or, as I've done here reviewed the bank statements Miss W has provided.*

*This didn't, and doesn't mean that, Black Horse had to undertake a full financial review of Miss W's circumstances – such as reviewing every transaction that Miss W was making from her account, merely it just needed to obtain an idea of what her living costs were and confirm her salary. And I*

want to be clear that a line-by-line review of Miss W's bank statements wouldn't have been proportionate.

*I accept had Black Horse conducted proportionate checks it may not have seen all the information that I have seen. But, in the absence of Black Horse conducting a proportionate check I do think it's fair and reasonable to consider statements that I now have access to. Miss W's income does fluctuate and I can see that in the months before the finance was granted she earned as much as £1,836 but also as received £1,148. I've thought about this but whether Black Horse took an average or used the smallest amount it could see in the statement. However, it doesn't make any difference to the outcome I've reached because the loan would've appeared affordable either way.*

*I can see that Miss W had rent payment of around £200 per month on top of this were payments for other creditors including loans and credit cards of about £250 and then at times there were some 'buy now pay later' payments of around £30 to £50 per month, mobile phone at around £50 per month, and existing car tax of £15 and a music subscription service for £10 per month. Overall, her living costs came to around £600 per month. The loan would've looked affordable.*

*I can see that in November 2020, Miss W took a loan from a credit union connected with her employment. This looks to have gone towards debt consolidation – and her representative was said that this was a 'red flag'. But I disagree, a debt consolidation loan can be helpful at either reducing the interest rate paid on debts or providing a repayment vehicle to clear a balance on say a credit card. I don't think that a loan taken out around three months before the agreement would've led Black Horse to conclude Miss W couldn't afford to take on this agreement.*

*I can see that Miss W – each month was making transfers to and from at least two other bank accounts – possibly in Miss W's name. Black Horse may have wanted to find out more about what was happening in the other accounts, but given money appears to then be moved back in to her main account, Black Horse may not have been overly concerned.*

*So, it seems to be the same money being moved around. I don't think I can fairly say had Black Horse investigated these further it would've discovered the loan to be unaffordable. But it's worth saying the other account statements haven't been provided so I can't say any more about what was happening in that other account.*

*I am therefore intending to not uphold Miss W's complaint because further checks would've likely shown Black Horse that Miss W could afford her repayments.*

### **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.

Neither party has provided any new evidence or submissions for me to consider and as such I see no reason to depart from the findings of the provisional decision which can be found above.

I do think it's arguable that the checks weren't sufficient – but had better checks been made by Black Horse then it would've likely discovered the loan was affordable and so have lent to Miss W. I do not uphold the complaint.

Finally, I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Black Horse lent irresponsibly to Miss W 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 I've explained above and in the provisional decision, I'm not upholding Miss W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 6 February 2026.

Robert Walker  
**Ombudsman**