

The complaint

Miss E and Mr C complain that First Response Finance Limited provided them with an unaffordable regulated hire purchase agreement.

What happened

First Response provided Miss E and Mr C with a joint hire purchase agreement in March 2022 to finance the full value of a motorcycle with a cash price of £2,664. This credit agreement was repayable across a term of 48 months with equal instalments of around £87. The total repayable value, including interest, was around £4,173.

Miss E and Mr C complained to First Response in July 2025 saying this credit had been provided irresponsibly. They said proportionate checks should have led to First Response identifying their finances were already stretched, and that further lending was unaffordable for them. First Response issued a final response in which it didn't uphold the complaint. Unhappy with the response Miss E and Mr C referred their complaint to our service.

One of our investigators reviewed the details and ultimately didn't uphold the complaint. While they considered First Response's checks needed to have been more detailed; on review of what proportionate checks at the time would more likely than not have identified, they concluded First Response had made a fair lending decision.

First Response didn't respond to our investigator's latest view; Miss E and Mr C responded and disagreed. In summary, they maintained their position and said:

- First Response's checks weren't proportionate to the financial circumstances it had identified through the checks it had completed.
- Given the agreement was initially declined in Mr C's sole name; it poses questions as to why it was then affordable in joint names.
- The presence of adverse information on their credit files ought to have shown that this agreement wasn't affordable for them.
- Although the payments have been maintained in line with the agreement, this isn't proof that the agreement was affordable.

Miss E and Mr C asked for an ombudsman's review, so the complaint has been passed to me to decide.

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.

The information in this case is well known to Miss E, Mr C and First Response, so I don't intend to repeat it in detail here. Instead, I've focused my decision on what I consider to be

the key points of this complaint; so, while my decision may not cover all the points or touch on all the information that's been provided, I'd like to assure both parties I've carefully reviewed everything available to me. I don't mean to be discourteous to Miss E, Mr C or First Response by taking this approach, but this simply reflects the informal nature of our service.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website. I've taken this approach into account in deciding Miss E and Mr C's case.

Having considered everything, I'm not upholding Miss E and Mr C's complaint as I've decided this hire purchase agreement was provided fairly. I say this because:

- I don't consider the checks First Response completed before providing this credit agreement were reasonable and proportionate, given the adverse information it identified through its credit checks. While I consider it reasonable that First Response considered Mr C's adverse information as historic, the same can't be said for the recent adverse information reported on the credit check it obtained for Miss E.
- I acknowledge First Response asked Miss E about her recent adverse information and appear to have been satisfied with her responses. While I consider Miss E's explanations to have been plausible, I'm persuaded that proportionate checks ought reasonably to have led to First Response obtaining a thorough understanding of Miss E and Mr C's financial situation, by verifying their actual non-discretionary expenditure, rather than using statistical data.
- Had First Response completed proportionate checks, I don't think it's likely these checks would have shown it was unfair to provide Miss E and Mr C with this hire purchase agreement. Miss E and Mr C have provided our service with bank statements covering the three months leading up to this lending event. In the absence of any other contradictory information, I consider these statements allow me to reasonably recreate what proportionate checks at the time would more likely than not have shown First Response.
- Miss E and Mr C's income and commitments to credit are largely in line with the information First Response obtained and used within its affordability assessment, which isn't surprising given it verified this information. I acknowledge Miss E had recently returned to work and she has concerns with First Response lending in this situation. However, I don't consider it was unreasonable for First Response to use Miss E's most recently evidenced income in its affordability calculations, especially given the information she'd declared about being back in work.
- Miss E and Mr C's non-discretionary expenditure is evidenced through their bank statements. This includes, but isn't limited to, rent and associated housing costs, insurances, mobile phone contracts, existing vehicle related costs, and costs associated with dependents.
- I acknowledge that Miss E and Mr C appear to be managing their finances to a tight budget; I consider transfers between their accounts and payments to and from individuals support this. However, having taken account of the evidenced income, non-discretionary expenditure and commitments to existing credit, I consider this new agreement looks sustainably affordable for Miss E and Mr C. So, it follows that I consider proportionate checks would more likely than not have reasonably led to First Response reaching this conclusion.

This means I don't think First Response acted unreasonably when it provided Miss E and Mr C with this hire purchase agreement in March 2022.

I've also considered whether the relationship might have been unfair in any other way, including under s.140A of the Consumer Credit Act 1974.

Miss E and Mr C have raised concerns about the interest rate applicable to their agreement; and that this lending was only approved once Miss E had joined the agreement.

I've seen the hire purchase agreement set out the interest rate applicable to the lending, as well as a number of other associated terms. By electronically signing the agreement Miss E and Mr C provided First Response with their acceptance of the terms and conditions of the agreement, including the applicable interest rate.

First Response's affordability assessment on Mr C's sole financial details didn't satisfy it that the agreement would be sustainably affordable for him. However, by taking into account the household income and expenditure, it calculated that this agreement was sustainably affordable. I don't consider First Response's actions here to be unreasonable. By taking into account two parties financial circumstances, it was able to review the household income and expenditure, and when taking into account this greater amount of financial information, it reasonably concluded, as I've found above, that this agreement was sustainably affordable.

The contact notes I've seen show during the term First Response provided Miss E and Mr C support by changing the direct debit payment date to better align with a change in financial circumstances; and in discussions around early termination of the agreement, although it appears this was never progressed. I haven't seen anything to suggest First Response has acted unfairly in its management of this agreement.

So, for the reasons I've set out above, I don't think First Response lent irresponsibly, or otherwise treated Miss E and Mr C unfairly. It therefore follows I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I acknowledge my decision will be disappointing to Miss E and Mr C; I am sorry to hear of the financial circumstances they've made us aware of. But given my findings above, it follows that I'm not directing First Response to take any further action in resolution of this complaint.

My final decision

My final decision is that I don't uphold Miss E and Mr C's complaint about First Response Finance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E and Mr C to accept or reject my decision before 19 February 2026.

Richard Turner
Ombudsman