

The complaint

With the help of a professional representative (PR), Mr P complains that Oodle Financial Services Limited lent to him irresponsibly. For ease, I'll refer mainly to the actions of the PR as being those of Mr P.

What happened

On 18 May 2018, Mr P entered into a Hire Purchase agreement (HP) with Oodle to acquire a used car. It was agreed on the following terms:

Amount of credit	Term	Monthly repayment	Total payable
£6,949.72	42 months	£252.34	£10,698.28

On 27 June 2024, Mr P complained to Oodle. He said it had failed to carry out a proper creditworthiness assessment and as a result, the credit relationship was unfair as described by Section 140A of the Consumer Credit Act 1974 (s.140). To resolve the complaint, Mr P asked Oodle to refund of everything he'd paid under the agreement plus compensatory interest.

Oodle looked into the complaint and issued a final response letter. It said that the complaint had been brought too late as more than six years had passed between the HP starting and his complaint being raised.

Mr P didn't accept what Oodle said, so he referred his complaint to our service. One of our investigators looked into it. He said that as part of the complaint referred to an unfair relationship, it had been brought in time. He went on to consider the merits of the complaint but didn't uphold it. He said it appeared the HP was affordable for Mr P.

Mr P didn't agree with the investigator 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.

There are time limits for referring a complaint to the Financial Ombudsman Service, and Oodle thinks this complaint was referred to us too late. Our investigator explained why he didn't, as a starting point, think we could look at a complaint about the lending decisions that happened more than six years before the complaint was made. But he also explained why, as this complaint is in part about an unfair relationship as described in s.140, it had been referred to us in time.

For the avoidance of doubt, I agree with our investigator that I have the power to look at the complaint on this basis. It's clear the complaint refers to the lending relationship being unfair under s.140. I acknowledge Oodle still doesn't agree we can look at this complaint, but as I don't think it should be upheld, I don't intend to comment on this further.

In deciding what is fair and reasonable I am required to take relevant law into account. Because Mr P's complaint is about the fairness of his relationship with Oodle, relevant law in this case includes s.140A, s.140B and s.140C of the Consumer Credit Act 1974.

S.140A says that a court may make an order under s.140B if it determines that the relationship between the creditor (Oodle) and the debtor (Mr P), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship.

S.140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given what Mr P has complained about, I need to consider whether Oodle's decision to agree the HP, or its later actions, created unfairness in the relationship between him and Oodle such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mr P's relationship with Oodle is therefore likely to be unfair if it didn't carry out proportionate affordability checks and doing so would have revealed its lending to be irresponsible or unaffordable, and if it didn't then remove the unfairness this created somehow.

I think there are key questions I need to consider in order to decide what is fair and reasonable in the circumstances of this complaint:

- Did Oodle carry out reasonable and proportionate checks to satisfy itself that Mr P was in a position to sustainably repay the credit?
- If not, what would reasonable and proportionate checks have shown at the time?
- Did Oodle make a fair lending decision?
- Did Oodle act unfairly or unreasonably towards Mr P in some other way?

Oodle had to carry out reasonable and proportionate checks to satisfy itself that Mr P would be able to repay the credit sustainably. It's not about Oodle assessing the likelihood of it being repaid, but it had to consider the impact of the repayments on him. 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 credit, the amount of the monthly repayments and the overall circumstances of the borrower.

When Mr P applied for the HP, he told Oodle he was employed full time and earned £30,000 per year. Oodle obtained copies of some recent payslips to confirm his income, and went on to look at his credit report.

Mr P's credit report showed he had some credit elsewhere - a credit card with a limit of £3,250, a current account with an overdraft of £500, an unsecured loan of £182 with monthly

repayments of £80, and another HP of £4,300 with repayments of £205 (this was to be repaid through a part exchange when the new HP was taken).

Mr P was up to date with the loan and the HP, but his current account showed he was in an 'arrangement' and his credit card showed he'd missed a few payments over the last year – one of which was the month prior to this application.

So Mr P didn't have a huge amount of credit elsewhere based on his income. But I think the fact that he missed repayments to his credit card fairly regularly and was in an arrangement with his current account, ought to have led Oodle to take a closer look at Mr P's financial circumstances. I don't think the check it carried out was reasonable and proportionate in the circumstances here.

There's no set way for a lender to carry out a further check, but one way of doing so is to check a customer's bank statements as they will generally give a good picture of a consumer's circumstances.

Mr P has sent us copies of his statements. These show he was paid £350-£400 weekly which equated to around £1,525 per month. Oodle had obtained payslips so it will have known that. He had a handful of direct debits totalling around £90 per month for insurances and communications. He also had a direct debit for his existing HP and I can see this was unpaid regularly but then made up within a few days, so I think this is more of a timing issue rather than affordability. Furthermore, I note his loan which had £80 per month repayments was due to end in a couple of months, which would improve his situation.

Mr P's PR had calculated his rent as being between £1,040 and £1,430 per month because he'd told them he paid rent in cash. They assumed all his cash withdrawals were rent. Using this figure, the PR calculated that he didn't have sufficient income to meet his housing costs and other commitments – he had a deficit of around £200 per month.

As I couldn't be sure and couldn't identify his housing costs from his statements, I asked Mr P for evidence of what he paid. He explained that he lived with family and paid around £60 per week in household costs – approximately £260 per month.

So Mr P's committed expenditure was clearly at least £750 less than his PR had calculated. While I think Oodle ought to have asked further questions before agreeing the HP, if it had, I think it would have been satisfied that repayments of £252 would have been affordable for Mr P. It follows that I think it reached a fair decision to lend to him.

Did Oodle act unfairly or unreasonably towards Mr P in some other way?

I've reviewed the contact notes Oodle has provided, and these show he was regularly late with repayments which led to contact and arrears notices and the occasional repayment plan. But he was able to bring the account back up to date quickly on most occasions, so it doesn't show on his credit file. Oodle has worked with Mr P throughout the agreement until it was repaid in full on 10 August 2021 when he took another HP with another car finance provider with a similar payment amount. I don't think Oodle treated Mr P unfairly in some other way.

For the reasons I've already given, I don't think Oodle lent irresponsibly to Mr P or otherwise treated him 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

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 P to accept or reject my decision before 15 April 2026.

Richard Hale
Ombudsman