

## **The complaint**

Oodle Financial Services Limited, trading as Oodle ('Oodle') provided Mr B with finance by way of a hire purchase agreement in April 2021, so that he could purchase a used car. Mr B, who is represented by a third party, says the finance was provided irresponsibly.

## **What happened**

The sum lent under the agreement was £8,101. Mr B was required to make a first and last instalment of £279.53 with 58 further payments of £229.53. He also paid a deposit of £99. The total payable was £13,970.80.

Our investigator thought that Oodle didn't make a fair lending decision, given that had it carried out better checks it would likely have seen that Mr B's monthly outgoings were already exceeding his income. Mr B therefore wouldn't be able to repay the new loan on either an affordable or sustainable basis.

Our investigator then went on to suggest the way Mr B should be compensated. The starting point was that he should be refunded any interest or charges he'd had to pay under the agreement. Given that he'd had use of the car for 31 months before returning it to Oodle, our investigator thought Mr B should pay for the fair use he'd had. He calculated this as £180 per month for 31 months, making a fair usage total of £5,580, to be deducted from what Mr B still owed.

Oodle has accepted the uphold finding as has Mr B. It has also waived the £152.81 shortfall from the fair usage charge. So, Mr B isn't required to pay anything more.

Although Mr B has accepted the merits finding, those representing Mr B have questioned the redress calculation we've applied and so the complaint has been passed to me for a decision.

## **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.

Given that the parties have accepted our investigator's uphold merits finding, it therefore remains for me to consider the question of redress, about which Mr B and those representing him have raised a concern.

Our overall approach with redress in cases like this is to ensure as far as possible that Mr B is put back in the position he would have been in had he not entered into the agreement. Having said that, it's fair that he should accept a reduction for what we call fair usage – the period of time where he benefited from having the use of the car.

I therefore agree with our investigator's approach. In this case it means that Mr B should only have to pay the sum of £5,580 for fair usage. That's a fair and reasonable sum given the length of time – 31 months – over which Mr B had use of the car to use as he wished.

I've seen evidence that Mr B paid £5,328.19 towards the agreement. He also paid an up-front deposit of £99. So he has effectively already paid £5,427.19 towards the fair usage figure. That leaves a shortfall of £152.81 which Oodle has agreed to waive.

Those representing Mr B queried whether he'd been required to pay the auction fee when his car was sold after Oodle took it back. Our investigator confirmed this wasn't the case. They have also suggested their own fair usage calculation, arriving at a figure of £3,787.25. That would result in Mr B receiving a refund with interest. I don't consider that this achieves a fair outcome for the parties. The current proposed redress and fair usage calculation enables Mr B to walk away from the agreement with nothing further to pay and having had the use of the car for more than two and half years. I think that's fair.

To summarise, Oodle accepts that it shouldn't have provided the finance to Mr B and I'm in agreement with the redress calculation proposed by our investigator.

I've considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I'm awarding in this case, as set out below, results in fair compensation for Mr B in the circumstances of this complaint. I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

### **Putting things right – what Oodle needs to do**

As I don't think Oodle ought to have approved the lending, I don't think it's fair for it to be able to charge any interest or charges under the agreement. Mr B should therefore only have to pay the original cash price of the car, less his £99 deposit. However, Mr B did have use of the car for around 31 months, so I think it's fair he pays for that use. But I'm not persuaded that the monthly repayments as required under the agreement are a fair reflection of what fair usage would be. This is because a proportion of those repayments went towards repaying interest.

There isn't an exact formula for working out what a fair usage should be. In deciding what's fair and reasonable I've thought about the amount of interest charged on the agreement, Mr B's likely overall usage of the car and what his costs to stay mobile would likely have been if he didn't have the car. In doing so, I think a fair amount Mr B should pay is £180 for each month he had the use of the car.

This means the redress payment starting point is that Oodle can only ask him to repay a total of £5,580.

Oodle has confirmed that it will treat the fair usage calculation as having been paid, despite a shortfall in payments made by Mr B, by offsetting it against the £99 deposit and writing off the remaining £152.81 shortfall.

To explain things in proper detail, to settle Mr B's complaint Oodle should do the following:

- Refund the deposit Mr B paid, adding simple interest per year\* from the date of payment to the date of settlement.
- Refund all the payments Mr B has made, less £5,580 for fair usage.
- Oodle must remove any adverse information recorded on Mr B's credit file regarding the agreement.

\*HM Revenue & Customs requires Oodle to take off tax from this interest. Oodle must give Mr B a certificate showing how much tax it's taken off if he asks for one.

### **My final decision**

My final decision is that I'm upholding this complaint and Oodle Financial Services Limited must put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 April 2026.

Michael Goldberg

**Ombudsman**