

## The complaint

Mr B is complaining that Close Brothers Limited trading as Close Brothers Motor Finance (CBMF) shouldn't have lent to him – he says the lending was unaffordable.

## What happened

In June 2024, Mr B signed a conditional sale agreement with CBMF to finance the purchase of a vehicle. He borrowed £20,695 and the agreement required him to make monthly payments of around £490 for five years.

In April 2025, Mr B complained to CBMF, saying he thought they'd lent irresponsibly to him. He said deducting his payments for his existing loan and mortgage from his net salary income left him with around £879 per month which wasn't enough to cover his living costs. He felt if CBMF had carried out a more thorough assessment of his financial position they'd have seen the repayments weren't sustainable for him. In response, CBMF said they'd carried out appropriate checks before lending to Mr B. They said based on the information Mr B had provided at the time and the checks they'd undertaken they felt Mr B was able to afford the finance and they'd acted reasonably. Mr B was unhappy with CBMF's response and brought his complaint to our service.

One of our investigators looked into the complaint. She said she thought CBMF had done proportionate checks and hadn't acted unreasonably in lending to Mr B.

Mr B disagreed and asked for an ombudsman's decision. In summary, he said:

- CBMF had used incorrect figures for his income and mortgage in their assessment.
- The agreement might have appeared affordable because he had additional funds at the time having recently taken out a loan.
- His wife had lost her job more recently, causing a drop in household income, and there was no financial buffer to deal with unexpected challenges.
- The interest rate on the agreement was high, and this should have prompted enhanced affordability checks.
- CBMF had recorded information about the deposit paid incorrectly which impacted the loan to value ratio of the vehicle.
- He was upset about how CBMF had handled the account after the vehicle was written off in an accident.

Mr B's last point is being treated as a separate complaint, so I won't discuss it further in this decision.

I considered Mr B's complaint and issued a provisional decision explaining why I intended to uphold the complaint. In that, I said:

“Did CBMF carry out proportionate checks?”

As this was a significant financial commitment for Mr B, requiring him to pay back nearly £500 a month for five years, I’d expect the checks to be thorough.

Before lending to Mr B, CBMF:

- Carried out a credit check;
- Verified Mr B’s net income as £4,615 per month;
- Obtained a bank statement for one month from Mr B; and
- Used credit file data to estimate Mr B’s disposable income.

CBMF’s credit check report isn’t very detailed. But it does show Mr B and his wife had few existing debts and those they did have were being managed well with no apparent arrears, missed payments, or arrangements to pay in the previous twelve months. It also shows Mr B had a loan with a balance of around £6,500, a credit card with a balance of around £270, and a mortgage, and his wife had total debts of around £650. So, there was no indication from Mr B’s credit report that he might be in financial difficulty.

The information CBMF have provided about their disposable income calculations isn’t particularly clear. It looks like they did two calculations, one for his household, and one for him personally. The calculation for Mr B personally doesn’t include any estimate of his non-discretionary expenditure apart from repayments for one loan and his credit card. And, while the household calculation includes an estimate for his household non-discretionary expenditure and household income, it’s not clear where these figures came from. CBMF calculated that Mr B’s household would have disposable income of just over £100 per month after making the payments required under the agreement. On balance, given the length of the loan and the size of the monthly repayments, I don’t think this was enough and I’m inclined to say CBMF should have done more to gain a clearer understanding of Mr B’s finances.

If CBMF had done more, what would they have found?

Mr B’s regular employment income was around £4,464 per month. It’s clear from his bank statements that he paid the monthly mortgage payment in full as well as all household bills, with no contributions from his wife. And he’s confirmed this, saying although his wife had some income at the time of the lending decision, she didn’t contribute to household expenditure.

Mr B’s monthly mortgage payment was £2,821. And he needed to pay £486 per month for a loan he’d taken out in March 2024, as well around £100 per month to other creditors. If CBMF had factored in the repayments needed under this agreement as well, they’d have found Mr B would be left with around £570 per month to cover all other household bills. It’s clear from Mr B’s bank statements that this wouldn’t have been enough – his council tax, energy and water alone came to around £520 per month and he was also paying for life insurance, home insurance and car insurance as well as having other regular expenditure and essential living costs. Whilst I’m not saying CBMF needed to obtain Mr B’s bank statements to make a fair lending decision, they did have his statements for one month, and these costs are clearly visible. So, if they’d done more to understand Mr B’s financial situation, I don’t think CBMF could have fairly concluded this agreement would be affordable for Mr B.

It’s worth noting that as well as his employment income, Mr B also had income from a taxi business. But this income was inconsistent and not guaranteed. Mr B said it wasn’t his

*intention to keep driving taxis. In addition, once associated expenses (for example renting the cars he was driving) and tax are taken into account, his income from this was not significant.*

*Mr B has carried out a detailed analysis of his spending and income (including taxi income) in the three months leading up to his application to CBMF. I don't think CBMF would have needed to go to these lengths – but if they had, Mr B's analysis also suggests they'd have decided the agreement would be unaffordable.*

*So, in summary, I'm inclined to say CBMF should have done more to understand Mr B's financial circumstances. And, if they had, they wouldn't have been able to fairly decide to lend to him.*

*Did CBMF treat Mr B unfairly in any other way?*

*Mr B has also complained that CBMF recorded the deposit paid incorrectly in his agreement. I can see CBMF addressed this in a final response in early January 2026 and paid £100 to Mr B's bank account to apologise for this. I'm inclined to say this is a fair amount given the level of upset it would have caused Mr B.*

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

Mr B accepted my finding that CBMF shouldn't have lent to him. But Mr B said the redress I'd suggested ought to be different. And he said it wasn't clear whether I'd considered his complaint about misrepresentation. CBMF provided some clarification, including that they didn't obtain Mr B's bank statement until after they'd approved the lending. But they accepted my decision that they shouldn't have lent to Mr B.

I wrote to both parties setting out a suggested change in the redress. And I let Mr B know I hadn't considered a complaint about misrepresentation. Mr B accepted this, and CBMF suggested a further change in the redress.

### **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.

As neither party have disagreed with my findings that CBMF shouldn't have lent to Mr B, I'm upholding his complaint for broadly the same reasons I set out in my provisional decision.

### **Putting things right**

Because CBMF shouldn't have approved the agreement, it's not fair that they retain any interest or other charges under the agreement. But Mr B has had use of the vehicle and it's fair he pays for that use. The car was in an accident, and the insurance proceeds have been paid to CBMF. And Mr B has settled the balance on the agreement.

Mr B accepted my suggestion that CBMF refund him any amounts he'd paid to them in excess of the amount lent under the finance agreement. CBMF said they'd prefer to use our more usual wording which refers to the cash price of the vehicle. And they suggested it would be fair to use a figure of £22,104 to represent the cash price of the car – as it's the total financed together with the amount of deposit Mr B says he paid.

I'm satisfied that whichever is used, the outcome is the same – which is that Mr B shouldn't have to pay any more, in total, than the cash price of the car.

So, I'm satisfied CMBF should:

- Refund to Mr B any payments made for the vehicle by him or a third party (including the deposit of £1,409, all payments made to CBMF, and the insurance settlement) in excess of £22,104 (representing the agreed cash price of the vehicle).
- Add 8% simple interest per year\* from the date of each overpayment to the date of settlement.

If they haven't done so already, CBMF should also end the agreement. And they should arrange for any adverse information recorded in relation to the agreement to be removed from Mr B's credit file.

\*If CBMF consider tax should be deducted from the interest element of my award, they should provide Mr B a certificate showing how much they've taken off so that Mr B can reclaim that amount, assuming he is eligible to do so.

### **My final decision**

As I've explained above, I'm upholding Mr B's complaint. Close Brothers Limited trading as Close Brothers Motor Finance need to take the steps I've outlined above to settle the matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 March 2026.

Clare King  
**Ombudsman**