

Complaint

Mr I complains that Oodle Financial Services Limited (trading as “Oodle” Car Finance) unfairly entered into a hire-purchase agreement with him. He’s said the payments to this agreement were unaffordable and so he shouldn’t have been accepted for it.

Background

In October 2022, Oodle provided Mr I with finance for a used car. The cash price of the vehicle was £6,311.00. Mr I paid a deposit of £99 and applied for finance to cover the remaining £6,212.00 he needed to complete the purchase. Oodle agreed to provide this finance through a hire-purchase agreement.

The hire-purchase agreement had total interest, fees and charges of £3,361.40 (made up of interest of £3,261.40 a document fee of £50 and an option to purchase fee of £50) and the balance to be repaid of £9,573.40 (which does not include Mr I’s deposit) was due to be repaid in a first monthly payment of £207.89 followed by 58 monthly payments of £157.89 and then a final monthly payment of £207.89 .

Mr I’s complaint was considered by one of our investigators. She didn’t think that Oodle had done anything wrong or treated Mr I unfairly. So she didn’t recommend that Mr I’s complaint should be upheld.

Mr I disagreed with our investigator and the complaint was passed to an ombudsman for a final decision.

My findings

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 Mr I’s complaint.

Having carefully considered everything, I’m not upholding Mr I’s complaint. I’ll explain why in a little more detail.

Oodle needed to make sure that it didn’t lend irresponsibly. In practice, what this means is that Oodle needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr I 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.

Oodle says it agreed to this application after Mr I provided details of his employment as well as his income. It says it also carried out credit searches on Mr I which didn't show any significant adverse information – such as defaulted accounts or county court judgments ("CCJ") recorded against him.

There wasn't anything in the credit check indicating that Mr I might have been in an Individual Voluntary Arrangement ("IVA") as Mr I has now alleged. Furthermore, when reasonable repayments towards the amount Mr I owed on his active accounts, plus a reasonable amount for Mr I's living expenses were deducted from his monthly income the monthly payments were affordable.

On the other hand, Mr I says the monthly payments were unaffordable.

I've thought about what Mr I and Oodle have said.

The first thing for me to say is that Oodle didn't simply accept Mr I's declarations at face value as it obtained payslips and carried out credit checks. And given what Oodle saw on the credit check suggests that Mr I was managing his existing credit reasonably well and the relatively low monthly payment, it's arguable that it was reasonable for Oodle to rely on an estimate of Mr I's living costs, rather than finding out more about what they actually were. This is because there was nothing obvious which suggested that Mr I fell outside the profile of the average borrower.

Furthermore, and in any event, I think that it's unlikely Oodle carrying out further checks is would have made a difference here. I say this because the information Mr I has provided does appear to show that when his committed regular living expenses and existing credit commitments were deducted from the amount of his anticipated monthly income, he did have the funds, at the time at least, to sustainably make the repayments due under this agreement.

I say this because in my view, when reasonable repayments to Mr I's existing credit are added to the payments which I've been able to see for Mr I's living expenses (in the information he has provided) and then deducted from the funds he received, he does appear to have had sufficient funds to make the payments to this agreement.

I note that Mr I has now carried out a line-by-line analysis of his bank statements and in his view he didn't have sufficient funds to make his monthly payments. The first thing for me to say is that Mr I's analysis has been carried out with the use of bank statements and this includes all of his expenditure. There was no requirement and there still is no requirement to obtain bank statements from a customer.

I also have to keep in mind that Mr I's most recent submissions are being made in support of a claim for compensation and any explanations Mr I would have provided at the time are more likely to have been with a view to persuading Oodle to lend, rather than highlighting any unaffordability. So I think it unlikely that Mr I would have suggested that Oodle shouldn't lend to him because of the monthly expenditure he now says he had.

In reaching my conclusions, I've also considered whether the lending relationship between Oodle and Mr I might have been unfair to Mr I under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think that Oodle irresponsibly lent to Mr I or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having carefully considered everything, while I don't think that Oodle's checks before entering into this hire purchase agreement went far enough, I'm, in any event, satisfied that carrying out further checks won't have stopped Oodle from providing these funds, or entering into this agreement with Mr I. So I'm not upholding this complaint. I appreciate that this will be disappointing for Mr I. But I hope he'll understand the reasons for my decision and at least consider that his concerns have been listened to.

My final decision

My final decision is that I'm not upholding Mr I's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 11 May 2026.

Jeshen Narayanan
Ombudsman