

Complaint

Mr L complains that 247 Money Group Limited (trading as “247 Money”) unfairly entered into a hire-purchase agreement with him. He’s said the agreement was unaffordable and so he shouldn’t have been accepted for it.

Background

In April 2021, 247 Money provided Mr L with finance for a used car. The cash price of the vehicle was £6,000.00. Mr L didn’t pay a deposit and entered into a hire purchase agreement with 247 Money for the entire £6,000.00.

The loan had interest, fees and total charges of £4,881.36 and the total amount to be repaid of £10,881.36 was due to be repaid in 42 monthly instalments of £259.08.

Mr L’s complaint was considered by one of our investigators. She didn’t think that 247 Money had done anything wrong or treated Mr L unfairly. So she didn’t recommend that Mr L’s complaint should be upheld.

Mr L 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 L’s complaint.

Having carefully thought about everything I’ve been provided with, I’m not upholding Mr L’s complaint. I’d like to explain why in a little more detail.

247 Money needed to make sure that it didn’t lend irresponsibly. In practice, what this means is that 247 Money needed to carry out proportionate checks to be able to understand whether Mr L could make his payments in a sustainable manner before agreeing to lend to him. And if the checks 247 Money carried out weren’t sufficient, I then need to consider what reasonable and proportionate checks are likely to have shown.

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.

247 Money says it agreed to this application after it completed an income and expenditure assessment on Mr L. During this assessment, Mr L provided details of his monthly income and payslips to verify what he'd declared.

247 Money says it also carried out credit searches on Mr L which showed some previous adverse credit information and outstanding balances. But when the amount Mr L already owed plus a reasonable amount for Mr L's living expenses were deducted from his monthly income the monthly payments were still affordable.

On the other hand, Mr L says he was already struggling at the time and that these payments were unaffordable.

I've thought about what Mr L and 247 Money have said.

The first thing for me to say is that 247 Money did obtain quite a bit of information from Mr L and questioned what he said. So I don't think that it was simply a case of accepting what Mr L said at face value. 247 Money's searches showed that Mr L had had previous difficulties with credit. But Mr L provided a reasonable explanation of why this was the case.

And I'm satisfied that the information obtained does appear to indicate that when Mr L's committed regular living expenses and existing credit commitments were deducted from his monthly income at the time, he did have the funds, at the time at least, to sustainably make the repayments due under this agreement.

I accept that Mr L appears to be suggesting that his actual circumstances weren't fully reflected either in the information he provided, or the information 247 Money obtained at the time. I'm sorry to hear that he's found making his payments difficult. But 247 Money could only make a reasonable decision based on the information it had available at the time. And Mr L had provided sufficient evidence and explanations regarding his ability to make the payments to this agreement.

Furthermore, even if 247 Money had taken even more steps to validate some of this information, as obtaining bank statements wasn't the only way to do this and Mr L says he needed the vehicle for work, it's difficult for me to agree that it doing more will have led it to realise that Mr L wouldn't be able to make these payments.

So overall and having carefully considered everything, I'm satisfied that 247 Money didn't act unfairly towards Mr L when it agreed to provide the funds and I'm not upholding Mr L's complaint. I appreciate that this will be very disappointing for Mr L. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

Although I'm not upholding Mr L's complaint, I would remind 247 Money of its obligation to exercise forbearance and due consideration in the event that it intends to collect the remaining payments on the agreement and Mr L is experiencing financial difficulty.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 27 November 2023.

Jeshen Narayanan
Ombudsman