

## **The complaint**

Mr H complains that Startline Motor Finance Limited (“Startline”) lent to him irresponsibly when it gave him a hire purchase (HP) agreement which he says he couldn’t afford.

## **What happened**

Mr H took out an HP agreement for a vehicle with Startline in August 2022. The vehicle was recovered in April 2023 when Mr H got behind on the repayments.

Mr H says that Startline shouldn’t have lent to him because he was struggling with other debt. Mr H says that he was vulnerable and that Startline should have recognised this and done more to help him when he fell behind with payments on the agreement.

Mr H complained to Startline, but it didn’t uphold his complaint. Mr H brought his complaint to this service. Mr H asks that all the money he paid under the agreement should be refunded along with the value of the vehicle he used as deposit for the agreement, plus interest. He also seeks compensation for the alarm and distress he says Startline caused to him.

Our investigator didn’t think Mr H’s complaint should be upheld. Mr H disagreed.

Our investigator reviewed the further points Mr H made but concluded it didn’t make a difference to their view. As Mr H didn’t agree with the investigator’s view his complaint has been passed to me to make 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.

We’ve set out our general approach to complaints about unaffordable and irresponsible lending - including the key relevant rules, guidance and good industry practice - on our website and I’ve taken that into account when I have considered Mr H’s complaint.

Having done so, I have come to the same conclusion as that of our investigator. Our investigator provided a very thorough explanation of why he didn’t think Mr H’s complaint should be upheld but I will explain why I have also reached this decision.

Startline needed to take reasonable steps to ensure that it didn’t lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mr H could afford to repay what he was being lent in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and Mr H’s income and expenditure. There is no set list of checks a business has to do but Startline says it assessed Mr H’s income and expenditure and reviewed his credit file.

Mr H declared his monthly income as £1,120. This was derived from benefits. He said he lived with his parents. Startline says it verified his income with credit reference agencies and relied on a minimum income of £1,066 per month, a slightly lower figure than Mr H declared. Startline used data provided by the Office of National Statistics to estimate Mr H's regular expenditure at around £642 a month. Taking into account the cost of the future repayments on the HP agreement, Startline estimated that Mr H had a disposable income of around £120 a month. For someone living with parents as Mr H was, I think this means that the repayments on the agreement would have been affordable.

However, the credit report showed evidence of his other credit commitments. It showed another HP agreement had been in arrears over the preceding nine months and he had been in arrears on his credit cards, too. I think this evidence was enough to suggest to Startline that it needed to have a better understanding of Mr H's financial circumstances. I don't think it completed reasonable and proportionate checks.

However, just because I don't think Startline completed all the checks it should have done, this doesn't mean I should automatically uphold Mr H's complaint. I need to think about what Startline would have seen and done if it *had* done those reasonable and proportionate checks.

I agree with our investigator that it would have been reasonable and proportionate for Startline to have verified Mr H's financial circumstances which it could have done by reviewing Mr H's bank statements.

Mr H has provided his bank statements for the period leading up to the lending decision. From these I can see that his income was around £1,280 a month. His income appeared enough to meet his regular commitments and he spent around a quarter of his income on discretionary spending such as entertainment and takeaways. So, I don't think that I have evidence to suggest Mr H wasn't *able* to meet his credit commitments, even if he was missing payments for other reasons.

Mr H's representative says that Mr H was vulnerable at the time of the lending. Following our investigator's view, the representative has provided a detailed breakdown and explanation of Mr H's finances. While I sympathise, I have no reason to consider that Startline was aware of Mr H's vulnerabilities or that had it completed a check of his bank statements it would have concluded that Mr H's income couldn't support his financial commitments, given his disposable income.

So, although I don't think Startline completed reasonable and proportionate checks, I don't think it would have acted differently if it had completed them.

Mr H's representative says that Startline didn't treat Mr H fairly when he fell behind with his payments. Mr H immediately fell into arrears and over the course of the agreement only made very few payments, which were never on time. Startline has provided its records of all its contacts with Mr H and there is nothing in them to suggest that Mr H disclosed any vulnerability to Startline. For example, I can see that Startline conducted a field visit very shortly after Mr H began to miss repayments. During that visit Startline recorded that Mr H said he hadn't paid because an incorrect payment had been taken on his agreement for his previous vehicle. In a later conversation he said that the date of the payments caused him difficulty because they were taken on a date which was a long time from when he received his income; Startline changed the payment date to accommodate this. At the same time, Startline completed another affordability assessment. Mr H still didn't meet his repayments and didn't alert Startline to any vulnerability.

On the basis of the evidence available to me, I do not think Startline acted unfairly or unreasonably when it lent to Mr H and so I do not think Mr H lost out as a result of anything Startline did wrong. It follows that I do not think Startline needs to do anything further.

### **My final decision**

I do not uphold Mr H's complaint. Consequently, I do not think Startline Motor Finance Limited needs to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 30 May 2024.

Sally Allbeury  
**Ombudsman**