

## **The complaint**

Miss G is complaining about Oodle Financial Services Limited trading as Oodle Car Finance (Oodle). She says they acted irresponsibly when deciding to lend to her as the agreement was unaffordable.

## **What happened**

In November 2019, Miss G took out a hire purchase agreement with Oodle to finance the purchase of a car. She borrowed £4,000 - the cash price of the vehicle. The agreement required Miss G to make an initial payment of £187.67, 58 monthly payments of £136.67, and a final payment of £187.67 (including an option to purchase fee of £50). The total amount payable was £8,300.20.

In July 2023, Miss G complained to Oodle, saying they should never have lent to her. She said her credit report at the time would have shown she had missed three payments to a debt collector and had a County Court Judgment (CCJ) against her. So, she said, it should have been obvious that she was struggling with her finances.

Oodle didn't uphold Miss G's complaint. They said she'd told them her income at the time of the application was £16,500 per year and she'd been in her job for over three years. They also said she was a private tenant and had been at her address for 22 years. They said they used Office for National Statistics (ONS) data and Miss G's credit file to validate her income and estimate her expenditure and calculated that she would have net monthly disposable income of around £207 from which to make the payments of £137 per month. On this basis Oodle felt the loan was affordable.

Miss G brought her complaint to our service, saying Oodle had the wrong information about her employment – instead she was in short-term employment on variable income and was also on benefits. She still felt Oodle hadn't done proper checks when lending to her.

One of our investigators looked into Miss G's complaint but didn't uphold it. Although he felt Oodle hadn't done proportionate checks he said he didn't have enough information or evidence about what Miss G's financial circumstances were at the time of the loan. So he couldn't say Oodle shouldn't have lent to Miss G. Miss G thought she had provided enough information and asked for an ombudsman's decision – and the complaint's come to me.

## **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.

Having done so, I'm not upholding Miss G's complaint for broadly the same reasons as our investigator – I'll explain below.

The Financial Conduct Authority (FCA) sets out in a part of its handbook known as CONC what lenders must do when deciding whether or not to lend to a consumer. In summary, a firm must consider a customer's ability to make repayments under the agreement without having to borrow further to meet repayments or default on other obligations, and without the repayments having a significant adverse impact on the customer's financial situation.

CONC says a firm must carry out checks which are proportionate to the individual circumstances of each case.

*Did Oodle carry out proportionate checks?*

Oodle said that before deciding to lend to Miss G, they checked her credit file, verified her income using credit reference agency data, and estimated her expenditure using ONS data. Whether or not this was proportionate depends on many factors including the size and term of the loan, and what Oodle found.

Looking at Miss G's credit report, Oodle could see she had a CCJ recorded in March 2019, for an amount of £264. They'd also have been able to see Miss G had three defaulted communications accounts, all of which defaulted in 2016. Miss G also had an unsecured loan which defaulted in September 2018.

The details Oodle had from Miss G's application showed she was a tenant earning a gross annual salary of £16,500. I appreciate Miss G's disputed the information about her employment and earnings but I've seen the electronic application Oodle relied on and I can't say they shouldn't have used this information. Oodle said they verified Miss G's income using data from one of the credit reference agencies. These sorts of checks look at the total receipts into bank accounts. Having seen Miss G's bank statements, I can understand why Oodle were able to verify Miss G's income this way – though Miss G has since said some of the receipts into her bank accounts were for the benefit of her mother.

CONC allows firms to use statistical data in their affordability assessments unless they have reason to suspect that a customer's non-discretionary expenditure is significantly higher than that described in the data. In this case, Miss G's recent default and CCJ suggested that she might be in financial difficulties – and therefore that her non-discretionary expenditure might be higher than described in the data. In addition, the loan was for a period of five years, and Miss G had a relatively low stated income. So I'm not satisfied it was proportionate for Oodle to rely on the statistical data. I think they should have done more to understand and verify Miss G's income and expenditure.

*If Oodle had done proportionate checks, what would they have found?*

Proportionate checks would have involved Oodle finding out more about Miss G's income and expenditure to determine whether she'd be able to make the repayments in a sustainable way.

We've asked Miss G about her income and expenditure at the time of her application but it's been difficult to build up a clear picture. In her initial complaint to Oodle she said her income was £667 per month, non-discretionary expenditure was £440 per month and payments to creditors were more than £200 per month. But looking at Miss G's bank statements for August 2019 to October 2019 I've not been able to verify these amounts.

Instead, what I can see is that Miss G was receiving earnings into her account which averaged around £350 per month. And she was receiving benefits totalling around £1,360 per month. Miss G has told us some of these benefits were for her mother – it's difficult to identify this on her statements but she's said it was £383 each fortnight. That would have left Miss G with income of £944 per month. So I'm satisfied that if Oodle had carried out proportionate checks they'd have been able to verify Miss G had income of her own of at least around £950 per month.

Turning to Miss G's expenditure, she's given us no information about her living costs other than what I've set out above. Looking at her bank statements, I've not been able to identify any significant payments for housing, council tax or utilities, although she was paying around

£50 per month to a social landlord. In addition to this, she was spending around £80 per month on phone and TV costs, £135 on road tax and car insurance, and around £450 per month on food and fuel. It's not clear to what extent any of this expenditure was on behalf of Miss G's mother. For simplicity I've assumed that these were all Miss G's costs, and that this is what she'd have told Oodle if they'd asked her about her non-discretionary expenditure at the time. In total, then, this meant Miss G had committed and non-discretionary expenditure of around £715 per month, leaving around £235 from which to make the £137 payments each month to Oodle.

Miss G said she was also paying creditors. I've seen no evidence of that on her bank statements and her credit report shows only defaulted accounts at the time (apart from £17 per month for her phone which I've included in my analysis above). Miss G's defaulted balances totalled £900 at the time of her application. Paying 5% of that each month would have allowed her to repay the balances within a reasonable timeframe – and would have meant her paying £45 per month. If Oodle had taken that figure into account they'd still have calculated Miss G had disposable income of over £50 per month. Whilst I appreciate this isn't a large sum, I'm satisfied in the circumstances it would have been enough for Oodle to decide the loan was affordable for Miss G.

In summary, although I appreciate it will be disappointing for Miss G, I'm not upholding her complaint. I'm not persuaded Oodle's checks were proportionate in the circumstances, but I haven't seen enough evidence of Miss G's financial circumstances at the time to say Oodle wouldn't have been able to fairly lend to her if they had done proportionate checks.

### **My final decision**

As I've explained above, I'm not upholding Miss G's complaint about Oodle Financial Services Limited trading as Oodle Car Finance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 9 January 2024.

Clare King  
**Ombudsman**