

Complaint

Mrs O complains that 247 Money (trading as “247 Money”) unfairly entered into a hire-purchase agreement with her.

She’s said the agreement was unaffordable and so she shouldn’t have been accepted for it.

Background

In November 2019, 247 Money provided Mrs O with finance for a used car. The cash price of the vehicle was £7,999.00 and Mrs O applied for a loan to cover the entire amount. The loan had interest, fees and total charges of £3,898.78 and the total amount to be repaid of £11,888.78 was due to be repaid in 34 monthly instalments of £349.67.

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

Mrs O 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 Mrs O’s complaint.

Having carefully thought about everything I’ve been provided with, I’m not upholding Mrs O’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 Mrs O could make her payments in a sustainable manner before agreeing to lend to her. 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 Mrs O. During this assessment, Mrs O provided details of her monthly income and payslips to verify what she'd declared.

247 Money says it also carried out credit searches on Mrs O which showed some previous adverse credit information as well as current existing balances. But when the amount Mrs O already owed plus a reasonable amount for Mrs O's living expenses, based on what she said about paying 25% of the household bills, were deducted from her monthly income the monthly payments were still affordable.

On the other hand, Mrs O says she that the monthly payments for this hire-purchase agreement were unaffordable.

I've thought about what Mrs O and 247 Money have said.

The first thing for me to say is that 247 Money did obtain quite a bit of information from Mrs O and questioned what she said. So I don't think that it was simply a case of accepting what Mrs O said about her ability to afford the agreement at face value. 247 Money's searches showed that Mrs O had had previous difficulties with credit. But Mrs O provided a reasonable and plausible explanation of what had happened.

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

I accept that Mrs O appears to be suggesting that her actual circumstances weren't fully reflected either in the information she provided, or the information 247 Money obtained at the time. But 247 Money could only make a reasonable decision based on the information it had available at the time.

And as Mrs O had provided sufficient evidence and explanations regarding her ability to do so, I'm satisfied that 247 Money was reasonably entitled to believe that Mrs O could afford to make her payments. Indeed this appears to be supported by the fact that Mrs O has said that only began to struggle once she had to pay for repairs to the vehicle.

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

I note that since Mrs O referred the complaint to us there has been some suggestion that she is unhappy with the vehicle that she purchased. But this isn't a complaint that she made to 247 Money. And as I'm only able to look at matters once a respondent firm has had the opportunity to investigate, Mrs O needs to contact 247 Money about this in the first instance.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 6 October 2023.

Jeshen Narayanan
Ombudsman