

The complaint

Mr S is unhappy that three 'hard' credit searches were carried out, by different finance providers, after he contacted Carfinance247 Limited to arrange financing on a car he wanted to acquire.

What happened

In May 2023, Mr S was interested in acquiring a car, and he contacted Carfinance247 (a credit broker) to arrange finance. After sourcing the car, Mr S asked Carfinance247 to proceed with the finance application. He says they told him that Lender MI had the cheapest rate, so he agreed for Lender MI to do a credit search

However, Mr S says that, in addition to Lender MI, Lender MF and Lender BA also did credit searches. And he says the additional credit searches took place without his consent. He was also unhappy that Lender MI cancelled his application without his consent.

Carfinance247 said their role was to introduce Mr M to third-party finance providers, and that Mr M had agreed to credit searches taking place. They also say that both Lender MI and Lender BA offered finance, and Mr S chose to go with Lender BA as they offered a lower rate. So, they didn't think they'd done anything wrong.

Mr S wasn't happy with this response, and he brought his complaint to the Financial Ombudsman Service for investigation.

Our investigator said the terms Mr S agreed to allowed for Carfinance247, or any of their panel of lenders, to carry out hard or soft credit searches, so she didn't think they'd done anything wrong, or that the panel of lenders needed to seek individual consent before carrying out searches.

The investigator appreciated Mr S's concerns about the three credit searches that had taken place, and how this may affect any applications for credit going forward, but she hadn't seen anything to show that Mr S's credit rating had been impacted. Finally, the investigator said that, if Mr M had any concerns about what the individual lenders had done, for example Lender MI declining his application, then he needed to take this up with them directly.

Mr S didn't agree with the investigator. He said he was made to wait for around an hour at the dealership while his finance application was being considered, and then he found that Lender MI had withdrawn his application.

Because Mr S didn't agree, this matter has been passed to me to make a final 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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time. Carfinance247 arranged the finance for Mr S and, as credit broking is a regulated activity, this is something we're able to look at.

The basic facts of this case aren't in dispute, and in his complaint to us Mr S confirms he *"gave authorisation for a full credit application."* I've seen the Privacy Policy and Terms and Conditions Mr S agreed to when he authorised Carfinance247 to act for him, and these say:

"Whenever you apply for any of our products and/or services ... we and/or our lenders will carry out checks with credit reference agencies ('CRAs'), including: ...

- Checks against the data relating to your financial situation and financial history. These checks may be referred to as 'hard searches' or 'credit application searches' and may be visible to other third parties, such as potential lenders."*

Based on what I've seen, I'm satisfied that Mr S was made reasonably aware what searches would likely take place when he made his application for credit. And I wouldn't expect Carfinance247 to obtain individual authorisation from him for each search – the terms Mr S agreed to don't require them to do this.

In this instance, three individual lenders conducted a search against Mr S's credit file, and I understand that two lenders offered terms to him. Which I don't think is unreasonable. I appreciate Mr S is concerned as to how this may affect any applications for future credit, but I haven't seen anything to show me he has been adversely affected; or that he's been declined for credit, or offered credit on less favourable terms, as a result. As such, I won't be asking Carfinance247 to either compensate Mr S or amend his credit file.

Mr S is also unhappy that he had to wait around an hour, on a public holiday, at the dealership, while the finance was approved, and that he only received confirmation of the approval shortly after he'd left there. While I appreciate the frustration he would've felt, I don't consider just over an hour an unreasonable time to wait, especially as this wasn't a normal working day, so it's more than likely the lenders would've been working with a reduced compliment of staff.

Finally, Mr S is unhappy that Lender MI withdrew his application without consent. While I've noted Carfinance247's comments that this only happened because Mr S had taken finance with Lender BA instead, I don't think this is something Carfinance247 were responsible for, as they don't determine what a finance provider decides to do with any application. As such, this is something Mr S would need to raise with Lender MI direct.

My final decision

For the reasons explained, I don't uphold Mr S's complaint about Carfinanc247 Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 5 December 2023.

Andrew Burford

Ombudsman