

## The complaint

Mrs S complains about how Startline Motor Finance Limited treated her in financial difficulties. Mrs S says Startline left her without a car and with an outstanding balance when it could have reasonably accepted her proposal. Mrs S wants Startline to either provide her with a similar or better car at no extra cost or cancel the finance agreement with a refund on all payments, she has made.

## What happened

I issued a provisional decision on this case where I explained why I was inclined to reach slightly different conclusions to the investigator. My provisional decision should be read with this final decision as it forms part of my final decision.

In my provisional decision, I set out a detailed background to the complaint, so I won't repeat those here. I invited both parties to provide further evidence and comments before I issued my final decision.

My provisional findings are below in italics.

*"I've read and considered the whole file. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome."*

*Mrs S has clarified her complaint points and having considered the complaint she made to Startline and the complaint that was referred to the Financial Ombudsman Service, I think the investigator looked at the key elements of her complaint.*

*To summarise Mrs S believes she should have got better treatment when she ran into financial difficulties, and she has mentioned that the decision by Startline to lend initially may have been unfair. These are the elements of the complaint Startline responded to in its final response, and these are the elements I will focus my decision on.*

*Mrs S had use of the car for several months before it was collected and while she has said the agreement should be unwound and all payments she made should be refunded, I don't think that would be fair and reasonable here. I think it would be fair for Mrs S to pay for the period she had use of the car, so I won't be looking to ask Startline to refund all payments Mrs S has made towards the agreement.*

*I will go on to consider the key elements of Mrs S' complaint in turn.*  
*Startline's decision to lend*

*I've considered Startline's decision to lend to Mrs S at the start because she has said she believes Startline's decision to terminate the contract and take possession of the car so quickly was to cover up its poor decision to lend to her.*

*Startline will be aware of all the rules, regulations and industry practice we consider when assessing complaints about irresponsible/unaffordable lending. We've set out our general approach to these types of complaints - including all of the relevant rules, guidance and good industry practice - on our website. So, I don't think it is necessary to set it all out in this*

decision.

*In summary, Startline needed to ensure that Mrs S could afford to make her repayments on the agreement when they fell due, throughout the term of the agreement. The relevant rules and regulations don't prescribe what checks need to be carried out, but the checks need to be reasonable – taking into account the specific circumstances of the consumer.*

*When Mrs S applied for the car finance, she declared she was employed with a monthly income of £2,108. Startline says it verified Mrs S income as £1,607.60 by requesting her payslip. While Startline hasn't provided a copy of the payslip it relied on, it has provided an electronic income check it carried out showing Mrs S monthly income as £1,726. It also says Mrs S provided evidence that she received monthly universal credit payment of £631.*

*Startline says it used data from the Office of National Statistics (ONS) to assess Mrs S' cost of living but it hasn't said what figure it used when it considered her application. Startline searched Mrs S' credit file and this showed Mrs S had some active credit card accounts, a utility and telecommunications account. Mrs S also had a number of defaulted accounts from around 2017.*

*I appreciate the defaults were a few years before the loan but as there was still outstanding balances on some the defaulted accounts and Mrs S was using her credit card in a way that brought their balances close to the limits, I think Startline should have asked about and verified Mrs S living costs. I don't think in the circumstances, it was reasonable to rely on the general information from ONS, which it hasn't been able to disclose the exact figures it used. So, I don't think Startline's checks went far enough.*

*Mrs S has provided copies of her bank statements from around the time of the agreement, and I've used these, in the absence of further evidence from Startline, to understand Mrs S' living costs at the time. From what I can see Mrs S had a regular income from her employment and received universal credit and child benefit. Mrs S had a regular and healthy income. Mrs S' bank account was held jointly with her husband, and I can see his income was also paid into the account. I've looked at the living costs which I think Mrs S and her husband were jointly responsible for and I don't see any concerns that Mrs S's living costs and credit commitments made keeping up with her finance payments unaffordable at the time.*

*So, I don't think Startline gave her the car finance when it shouldn't have. Startline's treatment of Mrs S when her account went into arrears. Having considered what happened between Mrs S and Startline when she missed her repayment in August 2023, I think Startline could have been more proactive in treating Mrs S positively. I say this because Mrs S proposed an arrangement to pay the arrears on the account based on her financial circumstances, but I don't think that proposal was fully considered by Startline, bearing in mind Mrs S' circumstance or any workable alternative suggested. It simply insisted she needed to clear the arrears on her account. I'm not saying it was obliged to accept her proposal, but I don't think it was fully considered.*

*I also have to be mindful that Mrs S hasn't paid any of the arrears on the account until now and so, while she was in financial difficulties and in communication with Startline about that, I'm concerned she was unlikely in a position to repay the arrears and maintain the continued payment on the agreement as she proposed. There's an argument here to say Startline moving as quickly as it did to recovery meant that the overall cost was lower as Mrs S didn't incur further arrears and an earlier sale of the car likely generated a higher sale price compared to a sale further down the line. As the car was recovered, recovery costs were also incurred.*

*Mrs S had use of the car in the two months of August and September 2023 while the account was in arrears, and I think in the circumstances, it is fair she pays for the time she had use of the car. I don't think it is fair for Startline to write off the payments due for August and September 2023 or refund the cost of recovering the vehicle from Mrs S. I appreciate Mrs S feels Startline acted too quickly and was unwilling to accept her offer but*

*on the other hand, I don't think the two options Mrs S has set out to this service as the ways to resolve her complaint are fair in the circumstances.*

*Startline didn't unfairly lend to her so I can't say it acting quickly to recovery of the car was covering for any poor lending decisions. Also, Mrs S had use of the car and it isn't in dispute she was unable to maintain her payments.*

*So, while Startline could have done more to engage positively with Mrs S at the time, I'm not satisfied Mrs S would have been able to maintain her repayments under the agreement, given she hasn't made any payments since July 2023.*

*I won't be asking Startline to write off payments for August and September 2023 or refund the recovery fee. I think it should have been more positive with engaging with Mrs S and that poor service caused Mrs S further inconvenience while she was already going through a difficult time, the award for £250 is fair in the circumstances.*

*I'd remind Startline about treating Mrs S sympathetically and positively while she has an outstanding balance. It should work on agreeing a suitable repayment plan for Mrs S to repay the outstanding debt."*

#### End of provisional decision

The time to respond to my provisional decision has now passed. Startline hasn't responded but Mrs S has responded and disagrees.

In summary, Mrs S says she doesn't think the outcome suggested in my provisional decision is fair or reasonable. She says she hasn't made any payments towards the agreement because Startline refused to entertain any kind of instalment and requested full payment of arrears and monthly instalment, which she says wasn't possible.

Mrs S has referred to another provider who accepted a payment plan on her husband's car and he has been able to keep the car in the circumstances. She says had Startline accepted her offer she is almost certain the arrears would have been repaid by now. Mrs S says she felt pressured to voluntarily surrender the car and to resolve the complaint she wants a similar car or for the agreement to be unwound.

#### **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 reconsidered all the available evidence and arguments, I'm not persuaded to reach different conclusions to my provisional decision, and I'll explain why.

Mrs S is understandably unhappy with the outcome set out in my provisional decision and I understand her strength of feeling – having no car, and as the car was sold for less than the amount outstanding on the finance, she has been left with an outstanding balance.

I think it's worth me making clear that there were two parts to my provisional decision. The first part found that Startline acted fairly and reasonably when initially agreeing to lend to Mrs S. As a result, I'm satisfied that Startline was reasonably entitled to lend, and that Mrs S needed to make the payments that she did. I appreciate that Mrs S may disagree with this. But in the absence of any substantive representations on why proportionate checks would have resulted in a different outcome, I've not been persuaded to alter my conclusions.

I also considered Startline's actions when Mrs S got in contact to explain that she was experiencing difficulty. In my view, Startline perhaps ought to have at least considered a

repayment plan even though Mrs S was in arrears. However, while I understand why Mrs S argues that there are only two options to resolve this aspect of the complaint – either she is provided with a similar car, or the agreement is unwound, and all her payments are refunded, I'm afraid that I don't agree with this.

As I've explained, Startline needed to exercise forbearance in line with its regulatory obligations. I think that this meant taking steps to see if it could agree a payment plan with Mrs S. However, given the amount of the arrears and the fact that Mrs S' position deteriorated where she had very little in the way of disposable income when she got in contact with Startline, I think it's unlikely that she would have been able to agree a repayment plan that would have enabled her to retain the car.

In these circumstances, while I appreciate that Mrs S may not agree with this, I don't think that Startline offering Mrs S the opportunity to surrender custody of the car was unreasonable. Indeed, the longer the Startline waited and the greater the amount of the arrears built up, the more likely Mrs S would be left with a shortfall to pay, as the value of the car depreciated.

Furthermore, it wouldn't be fair and reasonable for me to tell Startline to enter into a further agreement with Mrs S when she's been unable to make her payments. Taking such a course of action would see Mrs S being returned to the position where she would be required to make payments that she cannot afford to do so.

In reaching my conclusions, I've seen what Mrs S has said about her husband reaching a payment plan arrangement with another provider. That may be the case, but I don't know what Mrs S' husband's arrears were or whether the payment plan agreed is affordable. In any event, each lender is different and the way they operate their business models will also be different, and the fact that one lender might have been prepared to take the risk of greater arrears accruing does not mean that Startline should have done the same thing.

Overall, I think Startline should have engaged more positively with Mrs S, but I haven't seen sufficient evidence that further engagement would have certainly led to Mrs S bringing her payments up to date and continuing the agreement.

In my opinion the compensation £250 is a fair reflection of the trouble and upset Startline's actions caused Mrs S. While I appreciate my findings will disappoint Mrs S, my hope my explanation helps her understand why I've reached these conclusions.

I'd remind Startline to engage with Mrs S and treat her positively in relation to the outstanding balance on her agreement and agree a way forward taking into account her circumstances.

### **Putting things right**

Startline should pay Mrs S £250 for the trouble and upset caused by its poor handling of her financial difficulties. I think it should have better engaged with the process. Startline may choose to put this amount towards the outstanding balance on Mrs S' account.

### **My final decision**

For the reasons given above and in my provisional decision, I uphold Mrs S' complaint in part and I direct Startline Motor Finance Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 26 December 2024.

Oyetola Oduola  
**Ombudsman**