

The complaint

Mr H has complained that Fund Ourselves Limited was irresponsible when it gave him access to a loan.

What happened

Fund Ourselves gave Mr H access to a loan in May 2023, the loan was for £300 repayable in four instalments of £148.20. Fund Ourselves didn't uphold Mr H's complaint so he referred it to the Financial Ombudsman Service.

One of our investigators looked at the complaint and thought Fund Ourselves wasn't wrong to lend the loan and so didn't recommend that the complaint be upheld. Mr H disagreed and asked for an ombudsman's 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 short term lending - including all of the relevant rules, guidance and good industry practice - on our website.

Fund Ourselves 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 the loan in a manner that didn't make him financially worse off, among other things he needed to be able to meet repayments when they fell due and without borrowing to repay. 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.

Before lending Mr H this loan, Fund Ourselves asked Mr H about his monthly income and expenses. Mr H declared his monthly income as £1,600 and his expenditure as £498, this included £188 for his credit commitments. Mr H declared he was single, without dependents and lived with parents. The purpose of the loan was a holiday.

Fund Ourselves carried out credit search and the search revealed Mr H was repaying another loan and had a number of revolving credit accounts, some of which were over their limits by small amounts. Mr H had also missed some payments on those accounts but had been able to bring most of the accounts back up to date.

I think Fund Ourselves checks went far enough, this was Mr H's first loan and while Mr H's credit file showed one account was still in arrears and that he was over his credit limit on some of his accounts, the overall picture of the credit file didn't show Mr H was in financial difficulties and that he would struggle to repay the loan.

It is important to state Mr H's credit commitments were higher than he'd declared and while Fund Ourselves says it reacted to this information, I haven't seen where it worked out what his actual credit commitments were. I have looked Mr H's credit commitments at the time and even with the higher figures Mr H was left with sufficient disposable income to afford the loan repayments and still have funds left.

I'm also mindful of Mr H's general circumstances at the time, he was single without dependents and he lived with parents. This meant he'd likely have had less day to day living expenses compared to a consumer in different circumstances.

So, while there was some adverse information on Mr H's credit file that Fund Ourselves saw, I don't think those meant Mr H couldn't afford the loan. I think based on the reasonable checks Fund Ourselves carried out, it didn't lend to Mr H when it shouldn't have.

My final decision

For the reasons given above, I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 26 February 2024.

Oyetola Oduola
Ombudsman