

Complaint

Mr M has complained about a personal loan Tandem Personal Loans Ltd (trading as “Oplo”) which he says was unfairly lent to him.

He says the loan was unaffordable for him and so he shouldn’t have been lent to.

Background

Oplo provided Mr M with a loan for £8,500.00 in May 2022. This loan had an APR of 30.58% and the total amount to be repaid of £15,566.60, which included interest fees and charges of £7,066.60, was due to be repaid in 59 monthly instalments of £259.44 followed by a final instalment of £259.64.

One of our investigators reviewed what Mr M and Oplo had told us. He thought that Oplo hadn’t acted unfairly by providing this loan to Mr M and so didn’t think that the complaint should be upheld.

Mr M disagreed and asked for an ombudsman to take a look at his case.

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 unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr M’s complaint.

Having carefully considered everything, I’ve decided not to uphold Mr M’s complaint. I’ll explain why in a little more detail.

Oplo needed to take reasonable steps to ensure that it didn’t lend irresponsibly. In practice, what this means is that Oplo needed to carry out proportionate checks to be able to understand whether Mr M could afford to make his repayments before providing this loan.

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 it – 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 or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to provide loans to a customer irresponsibly.

Oplo says it approved Mr M’s application after he provided details of his monthly income and some information on his expenditure. It says it cross-checked this against information on a

credit search it carried out. In Oplo's view all of the information it gathered showed that Mr M could comfortably afford to make the repayments he was committing to. On the other hand, Mr M has said he was already in difficulty and couldn't afford this loan.

I've carefully thought about what Mr M and Oplo have said.

It's clear that Oplo did obtain a reasonable amount of information before it decided to proceed with Mr M's application. And this information does appear to suggest that the loan repayments were affordable for Mr M.

I accept that Mr M's actual circumstances may not have been fully reflected either in the information he provided, or the information Oplo obtained. Furthermore, I know that Mr M had some outstanding debts and had previous difficulties with credit. However, the information from the time suggests that Mr M was going to use some of the funds from this loan to settle credit card debt – including the account Mr M has referred to having a couple of missed payments on.

So I think that taking this loan was a method for clearing that debt in full and also consolidate all of his credit card debt into one payment. I appreciate that Mr M may not have gone on to settle the credit cards as he said he would, or maybe he didn't close the accounts and went on to build up further balances.

But Oplo could only make a reasonable decision based on the information it had available at the time. It won't have known whether Mr M would go on to do this. Furthermore, it wasn't in a position to close Mr M's other accounts too. In the circumstances, I'm satisfied that the proceeds of this loan could and should have been used to settle Mr M's credit card debt in the way that he'd committed to doing.

It's also worth noting that as this was a first loan Oplo was providing to Mr M, there wasn't a history of Mr M obtaining funds and then failing to consolidate debts elsewhere in the way he committed to. So given the particular circumstances here, Oplo was reasonably entitled to rely on what Mr M said and believe that he would be left in a better position after being provided with this loan.

I know that Mr M has struggled to make his payments and I'm sorry to hear about this. But it's only fair and reasonable for me to uphold a complaint in circumstances where a firm did something wrong. Given the circumstances here, and the lack of obvious inconsistencies, I don't think that Oplo did anything wrong when providing this loan to Mr M – it carried out reasonable and proportionate checks which suggested that the loan payments were affordable.

So overall and having considered everything, I don't think that Oplo acted unfairly or unreasonably when lending to Mr M. And I'm not upholding this complaint. I appreciate this is likely to be very disappointing for Mr M. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 March 2024.

Jeshen Narayanan

Ombudsman