

The complaint

Miss N complains that Fund Ourselves Limited irresponsibly granted her access to a loan.

What happened

Miss N took a loan for £250 in January 2023, Fund Ourselves agreed the loan on the basis of four monthly repayments of £121.50.

Miss N complained that Fund Ourselves didn't carry out sufficient checks before agreeing the loan, she said Fund Ourselves also listed some of her expenditure incorrectly. Fund Ourselves didn't uphold Miss N's complaint and so she referred it to the Financial Ombudsman Service. When this complaint came to the Financial Ombudsman Service, there was an outstanding balance on the loan. It is unclear if that is still the case.

One of our investigators looked at the complaint and thought Fund Ourselves' check went far enough and those checks showed Miss N could afford the loan, so he didn't recommend that the complaint be upheld.

Miss N disagreed, she said Fund Ourselves checks didn't go far enough, and she struggled financially due to being over indebted.

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 Miss N could repay the loans in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure. With this in mind, in the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate.

Fund Ourselves asked Miss N about her monthly income and expenses including credit commitments. From what I can see and the information Fund Ourselves provided, Miss N declared her income as £2,335, the total expenses recorded was £1,035. Fund Ourselves also searched Miss N's credit file.

Miss N has said the expenses figure recorded are incorrect, she has specifically said she spent £25 per week on transport and not £25 a month. Miss N also provided a copy of her credit report but as Fund Ourselves carried out a credit search at the time and provided evidence of this, I've relied on what the business saw from its checks, and this is what influenced its lending decision.

The credit file shows Miss N had some historic adverse information, which included defaults and County Court Judgements (CCJs). As these were a few years before this loan, I wouldn't have expected Fund Ourselves to automatically decline the loan based on these. I can also see Miss N had other active loans and balances on her running credit accounts like credit cards. The repayments on all her credit accounts were showing as up to date.

Fund Ourselves said Miss N declared £50 for her credit commitments but it increased this following its credit search, although it hasn't provided details of what it increased it to. Fund Ourselves also said it verified Miss N's declared income using credit reference agencies.

I've looked at the information about Miss N's income and expenses, including her actual credit commitments as detailed on the credit file. I've also taken into account Miss N's point about the travel expenses, having done so, she was still in a position to make the repayments on this loan. Miss N's monthly repayments on the loan were a small fraction of her income, this was her first loan with Fund Ourselves and from what I can see, there wasn't anything that should have made Fund Ourselves take its checks further. I think in the circumstances the checks were reasonable and those checks showed Miss N could repay the loan.

Miss N did have other credit but from the results of the search, those other credit accounts were managed well. And although Miss N's credit commitments were higher than she declared, even with the increase Miss N had enough to repay the loan. From Fund Ourselves' reasonable checks and in my view, there was nothing in the results of its checks that should have prompted it to go further.

I appreciate my findings will disappoint Miss N but based on the information here and relevant considerations, Fund Ourselves didn't lend unfairly and so I won't be asking it to do anything further.

If Miss N still has an outstanding balance, I'd remind Fund Ourselves of its obligations to treat Miss N positively where she's struggling to repay the loan.

My final decision

For the reasons given above, I do not uphold this complaint.

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

Oyetola Oduola
Ombudsman