

The complaint

Mr H complains that Fund Ourselves Limited trading as Fund Ourselves irresponsibly granted him access to unsecured loans.

What happened

I issued a provisional decision on this complaint where I set out the background to this complaint. For completeness, I've copied the background to this complaint and my provisional findings below.

Provisional decision

"What happened

Fund Ourselves gave Mr H access to five loans between February 2021 and March 2022, the details of the loans are as follows:

<i>Loan number</i>	<i>Start date</i>	<i>Loan amount (£)</i>	<i>Term</i>	<i>Repayment (£)</i>	<i>End date</i>
1	09/02/2021	300	4 months	138.60	26/05/2021
2	29/04/2021	500	5 months	200	28/06/2021
3	05/07/2021	250	4 months	120	17/10/2021
4	17/10/2021	500	6 months	166.65	30/03/2021
5	13/03/2023	1,200	5 months	480	defaulted

When Mr H complained to Fund Ourselves, it didn't uphold any part of his complaint and so he referred his complaint to the Financial Ombudsman Service. One of our adjudicators looked at the complaint and thought Fund Ourselves shouldn't have lent loan 5 but thought it didn't unfairly lend loans 1 – 4.

Fund Ourselves accepted the adjudicator's view but Mr H didn't, he said there should have been concerns raised about loan 4. He also said he gave Fund Ourselves open banking access to his bank statements and it ought to have seen he was struggling financially and not lent loan 4.

As the complaint remains unresolved, it has been passed to me an ombudsman to make a final decision.

What I've provisionally 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 Mr H could afford to make each loan repayment when it fell due. Fund Ourselves should have carried out proportionate checks to make sure Mr H didn't suffer financial detriment, like the need to borrow to repay,

as a result of the loans. These checks weren't prescriptive but 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.

Before lending any of the loans, Fund Ourselves asked Mr H about his income, living costs and credit commitments. It also searched his credit file at the time of all the loans. Mr H says it gave Fund Ourselves access to his open banking but Fund Ourselves has said it didn't have access. I haven't seen evidence of open banking access being given at the time of any of the loans.

Mr H has accepted the adjudicator's view on loans 1 – 3 and Fund Ourselves has accepted the adjudicator's view that it shouldn't have lent loan 5. So, loan 4 is the only loan which remains in dispute and is the focus of my decision. I have however looked at the circumstances of the lending of loans 1 – 3 and I don't think Fund Ourselves lent those loans unfairly.

At the time of loan 4, Mr H had borrowed three loans without any breaks in lending. Mr H borrowed loan 4 on the same day he repaid loan 3. Fund Ourselves' records show Mr H declared his income as £3,000 and his monthly expenses as £1,560, this included £300 towards credit commitments. The credit search Fund Ourselves carried out showed Mr H had at least four other active loans most of which appeared to be short term loans. The repayment on one of those was £249 and so it knew the figure of £300 Mr H declared towards credit commitments was unlikely to be accurate. In addition to the loan accounts, Mr H also had at least four credit card accounts with outstanding balances on them. In this circumstance, I would have expected Fund Ourselves to have asked further questions and taken its checks further. At this stage of the lending relationship, it wasn't reasonable for Fund Ourselves to rely on what Mr H told it and not react to the information it already had about him.

In my opinion, even without taking its checks further, Fund Ourselves shouldn't have lent this loan as it was obvious Mr H was reliant on credit. The credit file also showed Mr H was taking out a loan every month in the four months before this loan, in at least one month, he took out two loans. So, there were signs of financial struggle already.

Mr H has provided copies of his bank statements from around the time of this loan and from what I can see, Mr H was indeed repaying at least four other short term loans and another high cost lender. Mr H was also making regular transactions to another one of his accounts, he has provided copies of his statements for his second account, and I can see Mr H was gambling significant sums regularly. I think had Fund Ourselves reacted to the information it had seen and at least taken its checks further, it is likely to have found Mr H had problems managing his money and as a responsible lender won't have lent to him.

Fund Ourselves shouldn't have lent Mr H loans 4 and 5 and it needs to put things right."

I gave both parties the opportunity to provide further comments and evidence before my final decision. Both parties have now responded. Mr H accepts my provisional decision and Fund Ourselves has said it has nothing further to add.

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.

After reconsidering all the evidence and information, I see no reason to depart from my provisional findings.

Fund Ourselves lent Mr H loans 4 and 5 when it shouldn't have and it needs to put things right.

Putting things right – to put things right Fund Ourselves should:

- Remove interest fees and charges from loan 4 and 5.
- Treat any repayments Mr H has made towards those loans as payments towards the capital amounts.
- If the above results in a surplus, that should be refunded to Mr H with 8% simple a year on any refunded interest and charges from the date they were paid (if they were) to the date of settlement†.
- If there's still an outstanding balance after reworking the account, Fund Ourselves should agree a suitable repayment plan with Mr H.
- Remove any negative information about loan 4 from Mr H's credit file and remove any adverse information from Mr H's credit file about loan 5 once he has repaid the capital.

† HM Revenue & Customs requires Fund Ourselves to take off tax from this interest. Fund Ourselves must give Mr H a certificate showing how much tax it's taken off if he asks for one.

My final decision

For the reasons given above, I uphold Mr H's complaint in part and direct Fund Ourselves Limited trading as Fund Ourselves to put things right as set out above.

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