

## **The complaint**

Mr A complains that Brent Shrine Credit Union Limited trading as My Community Bank was irresponsible in its lending to him.

## **What happened**

Mr A was provided with a loan for £8,000 in October 2020. The loan was repayable over 48 months through 47 monthly repayments of around £221 and a final payment to clear any outstanding obligations.

Mr A says that before the loan was provided adequate checks weren't carried out to ensure the loan was affordable. He said that at the time of the loan he had other debts, and his expenses were higher than his income. He was struggling financially and taking on new debt to pay off existing debt resulting in an ever increasing debt balance. He said the loan was offered as a 'guaranteed' acceptance which shouldn't have been the case given his financial circumstances.

My Community Bank issued a final response letter dated 27 September 2023. It said that before the loan was provided credit worthiness and affordability checks were carried out to ensure the lending was affordable. It reported that the credit check didn't raise concerns. It said it verified Mr A's income with the credit reference agency and used third party data to estimate his expenses and based on this the loan was affordable.

Our investigator didn't uphold this complaint. She thought that further checks should have been carried out to verify Mr A's income and expenses. But she found that had this happened the loan would have appeared affordable.

Mr A didn't accept our investigator's view and requested a decision be made by an ombudsman.

## **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.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I've had this approach in mind when considering what's fair and reasonable in the circumstances of this complaint.

In summary, before providing credit, lenders need to complete reasonable and proportionate affordability checks. There isn't a set list of checks a lender is required to carry out, it just needs to ensure the checks are proportionate when considering things like: the type and amount of credit being provided, the size of the regular repayments, the total cost of the credit and the consumer's circumstances.

Before the loan was provided, My Community Bank carried out a credit check. The results showed no recent defaults or judgements and no other credit searches within the previous

three months. Having looked through the outcome of the credit search, I do not think the results raised concerns that Mr A was struggling financially at the time or that the results alone meant the lending shouldn't have been provided.

My Community Bank was also required to undertake checks to ensure the lending was affordable for Mr A. Mr A's declared income was £60,000 a year. My Community Bank has said that it verified this through the credit reference agency. It has said that it used third party data to estimate Mr A's expenses. In this case I think it would have been reasonable to carry out further checks to ensure My Community Bank had a detailed understanding of Mr A's specific expenses to ensure the lending was affordable to him over the term.

Mr A has provided copies of his bank statements. While My Community Bank wasn't required to request copies of Mr A's bank statements, I have considered the information these contain to understand what My Community Bank would have seen had further checks been carried out. Having looked at the account statements these support the income figure provided. And having looked at the regular expenses, I do not find that I can say that had further checks been carried out these would have shown the loan to have been unaffordable. Because of this I do not uphold this complaint.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 8 April 2024.

Jane Archer  
**Ombudsman**