

## **The complaint**

Mr R complains that Plata Finance Limited (who I'll call Plata) provided him with credit he couldn't afford to repay and that they didn't make him aware of the interest on the loan.

## **What happened**

Plata approved a loan of £3,000 for Mr R in December 2022. The loan was to be repaid at £121.34 per month over a 36 month period.

Mr R says they were wrong to provide credit as it wasn't affordable for him, and he also says Plata didn't tell him what interest would be charged.

Plata didn't agree with Mr R. They said that when they approved the loan they used a combination of credit reference agency and self-reported information to assess the application. They say that they verified Mr R's income, estimated his likely expenditure using statistical data, and that they reviewed his credit file. They said that the credit file didn't show evidence that Mr R was struggling financially and they, therefore, thought the credit was affordable for him and the checks they completed were reasonable.

Our investigator agreed but as Mr R didn't, his complaint has been referred to me, an ombudsman, for a final 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.

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.

I think Plata completed reasonable and proportionate checks before approving the loan. They asked Mr R about his income and verified it, and they asked him about his expenditure too and made reasonable estimate's using statistics that were available to them. They reviewed Mr R's credit file and considered his indebtedness and his performance on his accounts.

The information Plata considered suggested that after taking accommodation costs, debt servicing and the repayments on this new loan into account, Mr R would have about £2,000 per month available from which to service his other essential expenditure. I don't think that would suggest this new loan was not affordable. The credit file that Plata considered didn't suggest Mr R was having difficulty managing his debts. There were no defaults or County Court judgments on file, applications for credit were limited and didn't suggest Mr R was reliant on credit, and he'd only missed one payment in the last 12 months. Mr R had explained that the reason for the loan was for debt consolidation so I think Plata were

entitled to consider that some of the revolving credit shown on Mr R's credit file would be reduced as a result of the loan he was applying for.

Overall, I think the checks completed by Plata were reasonable and proportionate in the circumstances and I don't think they suggested the loan wasn't sustainably affordable for Mr R.

### **My final decision**

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 14 May 2024.

Phillip McMahon  
**Ombudsman**