

The complaint

Mr D is being represented by a claims manager. He's complaining about Match the Cash Limited trading as www.guarantorloan.co.uk because he says it lent irresponsibly when providing him a loan he couldn't afford.

What happened

In February 2019, following his application, Match the Cash provided Mr D with a loan of £6,000. This was repayable over 24 months with monthly payments of £322.

Our investigator didn't conclude the complaint should be upheld. He felt Match the Cash carried out an appropriate affordability assessment and made a reasonable decision to lend.

Mr D didn't accept the investigator's assessment. It pointed out that in the months before the loan, Mr D had exceeded the limit on his credit card account and taken cash advances on the card, as well as missing a payment to his phone provider.

The complaint has now been referred to me for review.

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.

Having done so, I've reached the same overall conclusions as the investigator. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

Before lending to Mr D, Match the Cash was required to carry out appropriate checks to ensure the repayments were affordable and sustainable. To decide whether this requirement was met, the key questions I need to consider are:

- Did Match the Cash complete reasonable and proportionate checks to establish Mr D would be able to repay the loan in a sustainable way?
- If so, was the decision to lend fair and reasonable?
- If not, what would reasonable and proportionate checks have discovered, and would the decision to lend have been fair and reasonable in light of that information?

Match the Cash has described the information it gathered to assess whether the loan was affordable before it was approved. This included a verbal affordability assessment where Mr D provided details of his income and expenditure that was then verified against open banking statements. It also completed a credit check with a credit reference agency (CRA),

giving details of Mr D's existing credit arrangements and any past issues with credit, including missed payments and defaults.

Match the Cash's credit check showed some potential signs of financial difficulty. Mr D had existing credit of £1,448 and the credit report he's provided us shows this was a credit card with a limit of £1,500 that he'd exceeded by small amounts in September, October and November 2018. The credit report also showed Mr D had taken cash advances from this card totalling £360 in the previous 12 months. Finally, the credit check also showed he'd missed a payment to his phone provider in November 2018.

The credit check also reported that Mr D had no other credit aside from his mortgage and that he was up to date with payments to his existing debt and had no recent defaults or CCJs.

Match the Cash tells us Mr D said he was self-employed and declared his income to be between £5,000 and £6,000 per month, which appears consistent with his earnings in the December 2018 bank statement he provided to us and presumably what Match the Cash would have seen through open banking. But in its affordability calculation, Match the Cash says it used a more conservative figure of £3,142, which is much closer to the figure shown in the January 2019 bank statement Mr D provided to us and presumably seen by Match the Cash at the time. The evidence indicates Mr D's income varied but based on the information it saw, I think the amount Match the Cash chose to use in its affordability calculation was reasonable.

When Mr D's mortgage and credit card commitments were taken into account and an allowance made for other key expenses he'd reported, Match the Cash concluded he had sufficient disposable income to afford the loan repayments.

In deciding whether Match the Cash carried out a proportionate affordability assessment, I think it's relevant to note that it says it verified Mr D's income and expenditure against his bank statements. After reviewing the statements provided to us by Mr D, I've no reason to doubt this. In the months before the loan was approved the account was mainly in credit, aside from a couple of short periods where there was a relatively small overdrawn balance, and he generally seems to have been managing his finances well enough.

On balance, taking account of the information it obtained and what this revealed, I'm satisfied Match the Cash carried out a proportionate affordability assessment in this case.

I've also considered Match the Cash's lending decision based on the information obtained from what I believe to have been a proportionate affordability assessment. In my view, it was entitled to believe the new loan repayments would be affordable for Mr D and that the decision to lend was a reasonable one.

In reaching this conclusion, I've taken account of the issues raised in the credit check, including the cash advances and Mr D exceeding the limit on his credit card, as well as the missed payment to his phone provider. But these issues were reported a few months earlier and I don't think they were sufficiently concerning to say that Match the Cash should have declined to lend, particularly after it had carried out an assessment of his income and expenditure with sight of recent bank statements.

It's for these reasons that I'm not upholding Mr D's complaint. I realise this outcome will be disappointing for him, but I'm satisfied it's fair and reasonable in the circumstances and I hope the additional explanation is helpful.

In reviewing this complaint, I've also considered whether the relationship might have been

unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Match the Cash lent irresponsibly to Mr D or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons I've explained, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 31 July 2024.

James Biles
Ombudsman