

The complaint

Mr M complains that the loans he had from The One Stop Money Shop Limited were unaffordable to him.

What happened

Mr M was approved for the following loans from The One Stop Money Shop between June 2022 and September 2023:

<u>Loan</u>	<u>Date</u>	<u>Amount</u>	<u>Term</u>	<u>Repayment</u>	<u>Due</u>	<u>Repaid</u>
1	30 Jun 2022	£400	6m	£128.33	30 Dec 2022	On time
2	15 Sep 2023	£800	12m	£126.67	30 Aug 2024	N/A

Mr M says that he doesn't believe he should have been approved for either loan. He says he was at the limit on his credit cards and had multiple other loans as well as a County Court Judgement (CCJ). Mr M adds that he has been permanently overstretched and had hidden gambling problems.

The One Stop Money Shop says Mr M was asked to provide information about his income and expenditure, which was then validated. It said it checked his credit file and was satisfied the loans were sustainably affordable.

Our investigator did not recommend the complaint should be upheld. He was satisfied that The One Stop Money Shop had carried out proportionate checks and considered that it made fair lending decisions.

Mr M responded to say, in summary, that his credit file showed he was struggling, and his debts continued to increase.

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.

I need to take into account the relevant rules, guidance and good industry practice.

Bearing this in mind, in coming to a decision on Mr M's case, I have considered the following questions:

- Did The One Stop Money Shop complete reasonable and proportionate checks when assessing Mr M's loan applications to satisfy itself that he would be able to repay the loans in a sustainable way?

- If not, what would reasonable and proportionate checks have shown?
- Did The One Stop Money Shop make fair lending decisions?
- Did The One Stop Money Shop act unfairly or unreasonably in some other way?

Loan 1

I have considered the information from the checks carried out by The One Stop Money Shop and it shows:

- Mr M was employed full time and his monthly income was £2,070, which The One Stop Money Shop validated with a payslip;
- Mr M said he was single, and his monthly rent was £200;
- 14 active credit accounts, of which three had been opened in the last six months;
- £4,001 of outstanding credit;
- A CCJ from over three years ago;
- Excluding rent and credit, Mr M said his other regular expenditure totalled £640.

I'm satisfied these checks were reasonable and proportionate for the loan because:

- The loan was for a period of six months and the repayments were a small proportion of Mr M's income;
- Mr M had a relatively small amount of existing borrowing;
- Although Mr M's credit file showed an historic CCJ, this was from over three years ago and it was reasonable to conclude he was no longer in financial difficulties;
- Mr M had over £1,200 with which he could repay credit and for unforeseen expenses.

Therefore I've concluded The One Stop Money Shop made a fair lending decision for loan 1.

Loan 2

Mr M repaid loan 1 on time but applied for loan 2 nine months later.

This time The One Stop Money Shop's checks went further and showed:

- Mr M's monthly income had increased to £2,330;
- The loan was to be used for a car;
- Mr M said his monthly rent remained at £200;
- 17 active credit accounts, of which three had been opened in the last six months;
- £7,541 of outstanding credit;
- No additional adverse information on Mr M's credit file;
- Excluding rent and credit, Mr M said his other regular expenditure totalled £760;
- An enhanced affordability calculation using Open Banking:
 - This calculated Mr M had an average disposable income of just under £700, as compared with Mr M's own declaration of around £770.

I'm again satisfied that The One Stop Money Shop's checks went far enough and that it was appropriate to carry out enhanced checks due the longer term of the loan and the repeated borrowing.

Based on the available evidence, I'm satisfied that the checks show loan 2 was sustainably affordable to Mr M and that The One Stop Money Shop made a fair lending decision.

In summary, I find that The One Stop Money Shop carried out proportionate checks for both loans and, based on the available information, I can't conclude the lending was irresponsible for either of loans 1 or 2.

I acknowledge that Mr M said he was transferring money out of his primary account into an account from which he made gambling transactions. However, I don't consider it would have been proportionate for The One Stop Money Shop to carry out the level of checks that would have been required to establish that Mr M had gambling issues.

Finally, I've also considered whether The One Stop Money Shop acted unfairly or unreasonably in any other way, including whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think The One Stop Money Shop lent irresponsibly to Mr M 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, although I would remind The One Stop Money Shop of its obligations to treat Mr M positively and sympathetically if he is struggling to repay loan 2.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 12 August 2024.

Amanda Williams
Ombudsman