

## **Complaint**

Mr C has complained about a loan Oakbrook Finance Limited (trading as “Finio Loans”) provided to him. He says the loan was unaffordable given his circumstances at the time and so shouldn’t have been provided.

## **Background**

Finio Loans provided Mr C with a loan for £1,000.00 in April 2023. This loan was due to be repaid in 12 monthly instalments of £105.95. One of our investigators reviewed what Mr C and Finio Loans had told us. And she didn’t recommend that Mr C’s complaint be upheld.

Mr C disagreed and asked for an ombudsman to look at his complaint.

## **My findings**

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr C’s complaint.

Having carefully considered everything, I’ve not been persuaded to uphold Mr C’s complaint. I’ll explain why that is the case in a bit more detail.

Finio Loans needed to make sure that it didn’t lend irresponsibly. In practice, what this means is Finio Loans needed to carry out proportionate checks to be able to understand whether Mr C could afford to repay before providing this loan.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Finio Loans says it agreed to Mr C’s application after he provided details of his monthly income and some information on his expenditure. It says it cross-checked this against information on a credit search it carried out and all of this information showed Mr C could afford to make the repayments he was committing to. On the other hand, Mr C has said he was in financial difficulty.

I’ve carefully thought about what Mr C and Finio Loans have said.

The first thing for me to say is that Finio Loans didn't just simply accept what Mr C had told it. It cross checked what Mr C declared for his income against information from credit reference agencies on the amount of funds going into his main bank account each month. It also carried out credit searches which showed that Mr C's unsecured credit commitments weren't excessive in comparison to his income either.

I accept that Mr C appears to be suggesting that his actual circumstances may not have been fully reflected either in the information he provided, or the information Finio Loans obtained. I've noted what he's said about what was on his credit file being worse than what Finio Loans saw. But a lender wouldn't obtain the same level of detail when carrying out a credit check as a consumer would when obtaining a copy of their full credit report. So I don't think that Finio Loans will have known about a lot of what Mr C has referred to.

Given the amount of the monthly payments and the lack of obvious indicators of difficulty in the information Finio Loans did obtain and what was obtained suggested the loan payments were affordable, I don't think that reasonable and proportionate checks would have extended into requesting copies of Mr C's bank statements.

At best, even if I were to accept that further checks were necessary, which I'm not necessarily persuaded is the case here, any such checks would only have gone as far as finding out more about Mr C's regular living costs. I don't think that obtaining bank statements was the only way that Finio Loans could have done this.

As this is the case, I don't think that Finio Loans did anything wrong when deciding to lend to Mr C - it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable. For these reasons, I don't think Finio Loans lent irresponsibly to Mr C or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A Consumer Credit Act 1974 would, given the facts of this complaint, lead to a different outcome here. So I'm not upholding this complaint.

I appreciate this will be very disappointing for Mr C. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm not upholding Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 6 August 2024.

Jeshen Narayanan  
**Ombudsman**