

## **The complaint**

Mr M complains that The One Stop Money Shop Limited was irresponsible in its lending to him. He wants the loan cancelled, money he has paid refunded and any adverse information removed from his credit file.

## **What happened**

Mr M was provided with a £400 fixed sum loan by The One Stop Money Shop in May 2024. The loan term was nine months and Mr M was required to make monthly repayments of £86.11. Mr M said at the time the loan was provided he had multiple other debts outstanding. He said adequate checks weren't carried out and the loan has put him further into debt. He said he was struggling to meet his repayments, and this was affecting his mental health.

The One Stop Money Shop provided a final response dated 30 July 2024. It said it used information on Mr M's application form along with data from the credit reference agencies to determine affordability and credit worthiness. It said that as part of its process Mr M was required to submit his income and expenditure details and based on this the loan was affordable.

Mr M referred his complaint to this service.

Our investigator noted that when Mr M applied for the loan, he declared a monthly income of £2,050. She said that The One Stop Money Shop verified this amount using Mr M's wage slips which she thought reasonable. Mr M provided information about his expenses and a credit check was undertaken. She said the credit check showed no adverse credit history such as county court judgements or defaults and that Mr M's active accounts were being well managed. Based on this she thought the checks carried out before the lending was provided were proportionate.

Our investigator then considered the information received through the checks and as this suggested the loan was affordable, she didn't uphold this complaint.

Mr M didn't agree with our investigator's view. He said he provided information to The One Stop Money Shop about his loans and credit card repayments, but its credit check contradicted this. He thought The One Stop Money Shop should have carried out further checks such as requesting his bank statements and it would then have seen the payments he was making.

## **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 general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess

creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Before providing the loan to Mr M, The One Stop Money Shop gathered information about Mr M's employment, income and expenses and carried out a credit check. Mr M declared a monthly income of £2,050 and The One Stop Money Shop verified this through his payslips. Mr M provided information about his monthly expenses. He said he wasn't paying for rent, council tax, utilities or communications contracts but was paying £500 for other loans, £100 for credit cards, £75 for insurance, £100 for transport, £100 for shopping and £100 of other costs and £30 for social costs. This gave total monthly expenses of £1,005. I note the comment Mr M has made about the information he declared about his credit commitments not matching the results of The One Stop Money Shop's credit check and the need for his bank statements to be requested. But as the credit check didn't raise any concerns about how Mr M was managing his credit commitments, and the amounts he included in his application didn't raise concerns that meant the lending wouldn't be affordable, I do not find that this meant further checks were required.

Overall, noting the size and term of the loan and the repayment amounts, and that the credit check didn't raise concerns about how Mr M was managing his existing commitments, I find the checks carried out were proportionate.

However, just because I consider the checks were proportionate, it doesn't necessarily mean that the lending should have been provided. I have looked through the information received by The One Stop Money Shop through its checks to assess whether this should have raised concerns about Mr M's ability to repay the loan or other issues that meant the lending shouldn't have been provided.

I have looked at the copies of Mr M's payslips and these support the monthly income amount he provided. The credit report showed a lower level of credit commitments than Mr M declared and so I find it reasonable that the amounts Mr M declared were included in the assessment. Taking these amounts into account along with Mr M's other declared expenses for costs such as food, transport and insurance resulted in Mr M's disposable income being around £1,000. As the repayments due under the loan agreement were £86.11, I do not find I can say that the this loan should have been considered unaffordable.

I note the comment Mr M has made about his financial circumstances at the time of the lending, but in this case, I think reasonable checks were carried out. And as these didn't raise concerns about the lending, I do not find I can say that The One Stop Money Shop was wrong to provide the loan to Mr M.

I've also considered whether The One Stop Money Shop acted unfairly or unreasonably in some other way given what Mr M has complained about, including whether its relationship with him might have been unfair under Section 140A 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.

### **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 M to accept or

reject my decision before 19 December 2024.

Jane Archer  
**Ombudsman**