

## The complaint

Mr K has complained about a loan he took from Valour Finance Limited trading as Savvy.co.uk. Mr K says Savvy lent to him irresponsibly.

## What happened

Mr K was given a loan of £325.00 by Savvy in April 2019. The loan was repayable in 12 monthly instalments of about £54.00 per month. I understand Mr K has not been able to repay the loan and has entered into a debt management plan.

One of our adjudicators investigated Mr K's complaint. He didn't think Savvy had been wrong to provide Mr K with the loan. Mr K didn't agree with the adjudicator's assessment, and so the complaint has been passed to me to make a final decision about the matter.

Mr K also raised a Subject Access Request (SAR) with Savvy. For the avoidance of doubt, my decision only deals with Mr K's complaint that Savvy lent to him irresponsibly. I am not making any findings in relation to Mr K's SAR but I have taken account of all the information he has sent us as a result of the SAR when reaching my 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.

We've set out our general approach to complaints about short-term lending — including all the relevant rules, guidance and good industry practice - on our website.

Savvy needed to take reasonable steps to ensure that it didn't lend irresponsibly. This means that it had to carry out proportionate checks to satisfy itself that Mr K could repay the loan sustainably. These checks could take into account a number of different things, such as the loan amount, the repayment amounts and Mr K's income and expenditure. But there was no set list of checks Savvy had to do.

In the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate. But I've also considered if there were any other factors that might indicate that Savvy should fairly and reasonably have done more to establish whether continued lending was sustainable for Mr K.

Such factors include:

- the *lower* a customer's income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the *greater* the number and frequency of loan, and the *longer* the period of time during which a customer has been given loan (reflecting the risk that repeated

refinancing may signal that the borrowing had become, or was becoming, unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable.

I've carefully considered all the arguments, evidence and information provided in this context and what it means for Mr K's complaint.

Savvy has told us it carried out some checks before lending to Mr K. It asked him for details of his income and normal monthly expenditure and carried out a credit check. I have listened to the recorded telephone calls Mr K had with Savvy as part of his loan application process. Mr K gave Savvy information about his income and expenditure and he also answered some queries that Savvy had about some of the loans that were showing on his credit report.

From what I've seen, I think the checks Savvy did before agreeing to lend to Mr K were reasonable and proportionate. The amounts that Mr K needed to repay each month were relatively modest compared with the monthly income he had declared to Savvy. I've seen the information gathered by the lender at the time and I don't think there was anything which should have caused Savvy any additional concerns about Mr K's financial position when he applied for the loan. Or that should have led it to reasonably conclude that his loan application should be declined.

Mr K has told us he thinks Savvy should have carried out better checks, such as asking to see his bank statements. And that if it had done so, he says that the lender would have discovered that he had other debts and that the loan was unaffordable for him.

But given what Mr K had told Savvy about his circumstances, I don't think it would've been proportionate for the lender, at this early stage of the lending relationship, to ask Mr K for the amount of information that would be needed to show the lending was unsustainable before agreeing the loan. I think it was reasonable for Savvy to make its lending decision based on the information Mr K had provided and what it found in its checks. I don't think greater checks were appropriate at the time. And I don't think Mr K's lending had reached the point where I think Savvy ought to have been independently verifying the information he was providing about his finances by, for example, asking to see copies of his bank statements.

I appreciate that Mr K says his financial situation was much worse, and that he was in serious debt with a lot of other creditors. But this doesn't appear to be something he shared with Savvy at that time, or something that what I consider to be proportionate checks would have uncovered. I am sorry that Mr K is struggling with financial problems, but I can't fairly conclude that Savvy did something wrong when it provided the loan to him.

### **My final decision**

For the reasons given above, I don't uphold the complaint or make any award against Valour Finance Limited trading as Savvy.co.uk

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 13 August 2020.

Sharon Parr  
**Ombudsman**