

## The complaint

Mr B complained that Valour Finance Limited trading as Savvy.co.uk ('Savvy') lent to him irresponsibly.

## What happened

Mr B took out a loan with Savvy as follows:

loan	start date	date repaid	monthly instalments	loan amount	instalment amount
1	12/11/2020	Not paid	12	£1000	£166.66

Mr B said that if Savvy had asked to see his bank statements before lending to him it would've realised that he couldn't afford the loan and that lending to him was irresponsible.

Mr B didn't feel that Savvy did enough to verify the information he supplied. He is also concerned that paying for this loan has put him in a worse financial position and that it is putting him under severe stress – at a time that is very difficult for him for health reasons.

One of our adjudicators investigated this loan. In brief summary, she thought:

- given the loan amount, what was apparent about Mr B's circumstances at the time and his history with the lender, it wouldn't have been proportionate to ask Mr B for the amount of information needed to show the lending was unsustainable
- there wasn't anything in the information Mr B provided, or the information Savvy should've been aware of, which meant that Savvy should've taken steps to verify the information Mr B had declared.

She felt the loan had been fairly provided. So our adjudicator didn't uphold Mr B's complaint.

Another adjudicator took over the complaint.

She also told Mr B that in her view, although he had sent us bank statements showing he may have had some problems managing his money, she couldn't see that Savvy would've known this. And she didn't think a proportionate check would've required Savvy to ask for more information to verify what Mr B had told Savvy at the time.

Mr B disagreed with our adjudicators' views.

Mainly he said that he has provided proof that the loan was unaffordable for him and he feels that our adjudicators haven't looked properly at his complaint.

## 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 of the relevant rules, guidance and good industry practice - on our website. And I've used this approach to help me decide this complaint.

I'm sorry Mr B feels that our adjudicators didn't investigate the complaint properly. I'd like to reassure Mr B that I've looked at the complaint afresh – and I've independently reached the same conclusions as our adjudicators. I'll explain why I say this.

Savvy provided Mr B with a high-interest loan intended for short-term use and it needed to make sure that it didn't provide the loan irresponsibly.

In practice, this means that it should have carried out proportionate checks to make sure Mr B could repay the loan in a sustainable manner.

There's no set list of checks that are 'proportionate'. In general, what constitutes a proportionate affordability check will be dependent upon a number of factors including – but not limited to – the particular circumstances of the consumer. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and Mr B's income and expenditure.

And, for a first loan, less thorough checks might be reasonable and proportionate.

I think that a reasonable and proportionate check ought generally to have been *more* thorough:

- the *lower* a customer's income (reflecting that it could be more difficult to make any repayments to credit from a lower level of income)
- the *higher* the amount due to be repaid (reflecting that it could be more difficult to meet higher repayments from a particular level of income)
- the *longer* the period of time a borrower will be indebted (reflecting the fact that the total cost of the credit is likely to be greater and the customer is required to make repayments for an extended period).

I've carefully considered all of the arguments, evidence and information provided and what this all means for Mr B's complaint.

I've listened carefully to the call recording that Mr B had with Savvy when he applied for this loan and he provided information about his financial situation and answered questions it asked him.

Before lending to Mr B, Savvy asked Mr B for information about his financial situation. Savvy checked Mr B's employment and the amount of his monthly pay by looking at screenshots showing his salary payments. It asked him about his outgoings, including what he was spending on other loans and whether he was spending any money on gambling or the lottery. Using this information, Savvy was able to see what his monthly budget typically looked like. And it worked out what he could afford to borrow.

Savvy also did a credit check which showed Mr B had two credit cards with available credit and a total balance out of around £1449. Savvy asked Mr B about his credit cards and made allowance for him making monthly repayments on these accounts when assessing if he could afford to borrow.

Savvy gathered information that enabled it to work out how much money Mr B would have available to spend after paying his normal monthly outgoings – it calculated that his monthly surplus was £720. So it was satisfied that the loan repayments of £166.66 per month for this loan should've been comfortably affordable for Mr B.

Looking at the monthly loan repayment amounts and the loan term, and the information Savvy had on record for Mr B, including what Mr B told Savvy, this didn't point to the loan being unaffordable for Mr B.

After taking into account all the information Savvy had gathered, it looked like Mr B should've had more than £550 left each month *after* paying for this loan.

I'm sorry that Mr B had a problem with debt and that making the repayments on this loan turned out to be difficult for him. I accept that in reality Mr B's *actual* circumstances weren't fully reflected either in the information he provided, or the other information Savvy obtained.

But we'd expect Savvy to decide Mr B's lending application based on the information it was reasonably entitled to rely on at the time – in other words, what we would expect Savvy to find out from doing proportionate checks at the time of the loan application.

I've thought carefully about what I think proportionate checks should have involved when Mr B applied to Savvy for this loan.

As this was the first loan Mr B had taken out with Savvy, Mr B didn't have any track record with the lender that should've alerted Savvy to any underlying money problems.

It wasn't an unusually large loan, given that it looks like his take home pay was around £1,445. And Mr B was planning to pay the loan back over 12 months – which, broadly speaking, in Mr B's circumstances was a reasonably foreseeable period of time.

I think there were some indications that Mr B's application to borrow this amount of money over this loan term was potentially at odds with what he had told Savvy about his financial situation. But Savvy did specifically ask Mr B what the money was for and why he was choosing to take out an expensive loan rather than use his disposable income or savings that he'd mentioned. Mr B explained that he was essentially using his own money to save for an expensive holiday and that it was tied up in long term investments and trust funds which required 3 months' notice if he wanted to get the money out – so he preferred to borrow in this way.

Having listened to Mr B explaining all this to Savvy, I don't think it was unreasonable for Savvy to accept what he said at face value and without doing further checks to verify what Mr B had said.

And I don't think it was unreasonable for Savvy to lend – especially as there wasn't anything obvious, in the information it had gathered, to suggest Mr B wouldn't be able to repay the loan in a sustainable way. Although Mr B feels strongly that Savvy should've done more or better checks, I don't think proportionate checks in these circumstances would've required Savvy to probe any more deeply into Mr B's finances or ask Mr B to prove what he was declaring or check other information sources to verify what he had told them (or omitted to say) about his financial circumstances.

In other words, I wouldn't reasonably expect Savvy to have asked to see the credit report or bank statements that Mr B has sent me. And since that wasn't information that Mr B told Savvy about, then Savvy couldn't have known about it and I can't fairly say that Savvy should've known about it.

In coming to this decision I've taken into account what Mr B has said about his other credit at the time. But I've seen the results of the credit check that Savvy carried out and there's nothing particularly adverse that I think would've been enough to put a responsible lender off providing him with this loan. It's worth remembering that a lender might only see a small portion of a borrower's credit file, or some data might be missing or anonymised. I'm also aware that not all payday and short term lenders report to the same credit reference agencies. So, this may explain any differences.

In this case, I don't think that Savvy did anything wrong in deciding to lend this loan to Mr B.

I've thought carefully about whether Savvy has acted in any other way that isn't fair and reasonable.

Mr B has found the way Savvy has been taking payments for the loan upsetting. And he told us that Savvy hasn't started the process of wiping out the loan or spoken to him about reducing the payments.

Our adjudicator explained to Mr B that Savvy told us that Mr B only recently made it aware of his change in circumstances and that this was being dealt with under its forbearance procedure.

Our adjudicator has checked again with Savvy and it has told us that it has asked him for either a letter from his doctor or a duly completed and signed 'DMHF' form. I understand this to be a form Mr B can ask his GP to sign (it shouldn't cost anything for this). This form will act as evidence and support Mr B in seeking help with paying back debt.

Savvy has said that once it has the information it can look at any change in circumstances and respond in line with its forbearance procedures – which I understand to mean that it will look at what can be done to assist Mr B. And this seems a fair response to me.

I don't think it's reasonable to expect Savvy to be able to make a properly informed decision without the information it needs to do that – and it's up to Mr B to provide evidence it has reasonably requested.

Looked at overall, I don't think I can fairly say that Savvy has acted in a way that isn't fair and reasonable.

So I haven't seen anything to make me think this is a case where it would be fair and reasonable for me to award any redress.

I'd take this opportunity to remind Savvy that if Mr B needs further time to pay what he owes then it should treat him positively and sympathetically in any discussions.

And if Mr B would like help to manage his finances there's more information about how to get free debt advice on our website – or we can provide contact details if he gives us a call.

I am sorry that Mr B is going through a difficult time. I understand that what I've said will come as a disappointment to him. But I hope that setting out the reasons as I've done will help explain how I've reached my decision.

**My final decision**

For the reasons I've given, I've decided not to uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 18 June 2021.

Susan Webb  
**Ombudsman**