

## The complaint

Mrs K complains that Oplo PL Ltd trading at the time as 1st Stop Personal Loans Limited (“1st Stop”) lent to her in an irresponsible manner. She also complains that 1st Stop failed to treat her fairly when she faced problems repaying her loan.

## What happened

I issued a provisional decision regarding this complaint last month. In that decision I explained why I didn’t think the complaint should be upheld. Both parties have received a copy of that provisional decision, but for completeness I include an extract from that decision below. I said;

*Mrs K was given a single loan by 1st Stop in January 2019. She borrowed £10,000 and agreed to repay the loan in 60 monthly instalments. 1st Stop used around half of the loan proceeds to directly repay some other loans Mrs K had outstanding. And Mrs K told 1st Stop that she intended to use the remaining funds to consolidate some other borrowing.*

*Around nine months into the loan term Mrs K told 1st Stop that she was facing problems making her repayments due to her husband’s ill health. In the following months Mrs K missed some repayments and made reduced repayments at other times. In January 2020 1st Stop sent Mrs K a notification that it intended to default her account. Mrs K brought her account back up to date, and continues to make the necessary repayments.*

*1st Stop gathered some information from Mrs K before it agreed the loan. It asked her for details of her income, and used some industry statistical data to estimate Mrs K’s normal expenditure. And it checked her credit file to understand how much she was paying each month on other credit and to look at how she’d managed credit in the past.*

*Mrs K was entering into a significant commitment with 1st Stop. She would need to make monthly repayments for a period of five years. So I think it was right that 1st Stop wanted to gather, and independently check, some detailed information about Mrs K’s financial circumstances before it agreed to lend to her. I think the checks 1st Stop did achieved that aim – I think the checks were proportionate.*

*But simply performing proportionate checks isn’t always enough. A lender needs to react appropriately to the information that is shown by those checks. So I’ve looked at the results of 1st Stop’s checks to see whether the conclusion it reached, to approve Mrs K’s loan application, was reasonable.*

*Mrs K declared her normal income as £1,600 per month. But the checks 1st Stop performed suggested that Mrs K's actual income was higher – at £2,200 per month. I don't know why that discrepancy occurred, but 1st Stop decided that it would use the lower income amount when looking at whether Mrs K could afford the repayments she would need to make on the loan. I think it was reasonable for 1st Stop to conclude from its checks that Mrs K earned at least as much as she'd declared.*

*Mrs K's credit file showed that she had a number of other credit accounts outstanding. As well as a mortgage she had several unsecured loans and credit card accounts. In total her unsecured credit amounted to almost £15,000. I think that should have caused some concerns to 1st Stop. But Mrs K had told 1st Stop that her reason for requesting the loan was to allow her to consolidate much of her outstanding debt. I don't think it was unreasonable for 1st Stop to rely on what Mrs K had said.*

*But 1st Stop went further and used around half of the loan proceeds to directly repay three of Mrs K's outstanding credit accounts. That reduced her outstanding debt to around £6,500. And Mrs K was left with around £5,000 from the loan that she said she would use against those other debts. So I don't think the amount of debt that Mrs K initially had outstanding would have been a reason to expect 1st Stop to decline her loan application.*

*Mrs K's credit file also showed that she'd faced some problems managing her debts in the past. In particular she had defaulted on a number of accounts in 2013 and 2014. I can see from the notes it recorded at that time that 1st Stop asked Mrs K about these problems and she explained they were due to a fall in her income whilst she was on maternity leave. Mrs K subsequently settled all those loans in full. And more recently Mrs K's mortgage showed that she'd entered a repayment arrangement. Again 1st Stop's notes show that it discussed those problems with Mrs K. She explained they'd been caused by her husband becoming ill and being unable to work for around five months. But her credit file showed that the mortgage payments were now back on track.*

*Overall, in the months immediately before taking this loan, Mrs K's credit file doesn't suggest that she was facing any serious problems managing her money. Her credit accounts all showed that the required repayments were being made on time. And it didn't show that she appeared to have been taking new credit to help support her day to day living costs or manage existing credit repayments. And by consolidating a number of her debts with the proceeds of the loan from 1st Stop Mrs K would significantly reduce her total monthly repayments.*

*So I don't think that 1st Stop's checks – that I consider to have been proportionate – would reasonably lead to a conclusion that Mrs K wouldn't be able to repay this loan in a sustainable manner. I don't currently think 1st Stop did anything wrong by giving this loan to Mrs K.*

*Mrs K made her repayments as agreed for around nine months. But she then got in touch with 1st Stop to explain that her husband had needed an emergency operation and would be unable to work for around six weeks. So she said she would be unable to make her normal repayment that month, but things should be back to normal the following month. Mrs K made a reduced repayment that month, but then made up the difference later in the month. But the repayment for the following month was also missed and 1st Stop found it difficult to get back in touch with Mrs K.*

*In January 2020, in line with its normal processes, 1st Stop advised Mrs K that it intended to visit her at home to get back in contact with her. At that point Mrs K called 1st Stop and started to discuss how she could get the account back on track. And over the following weeks she discussed what arrangements she could make to repay the arrears on her account. But in the absence of any firm agreement, 1st Stop sent Mrs K a letter advising that it intended to default her account. But around the same time Mrs K reached a repayment agreement with 1st Stop and the lender let her know that she was no longer at risk of her account being defaulted if she continued to follow the agreement to clear the arrears.*

*I don't think the steps I have described above were unreasonable. Mrs K had signed an agreement with 1st Stop to repay the money she'd been lent. When she failed to make those repayments 1st Stop was entitled to ask why. It seems to me that 1st Stop was unable to offer much support to Mrs K if she failed to respond to the letters that it sent and the phone calls that it made. But, when she did get in touch, I think that 1st Stop met its regulatory responsibilities to treat her fairly, with forbearance and with due consideration. I think the repayment arrangements it agreed allowed Mrs K a reasonable period of breathing space to get her finances back on track.*

*I appreciate how disappointing my decision will be for Mrs K. But, in summary, I currently think the checks 1st Stop did before agreeing this loan were proportionate. And I don't think those checks should have led to the loan request being declined. I don't think that 1st Stop treated Mrs K unfairly when she faced problems making her contractual repayments. So I don't currently think this complaint should be upheld.*

I invited both parties to let me have any further comments and evidence. 1st Stop has said that it is happy with my provisional decision. Mrs K doesn't agree with what I said. Although I am only summarising here what Mrs K has said, I have considered her entire response carefully before writing this decision.

Mrs K says that the loan required her to repay more than £7,000 of interest – she doesn't think that suggests responsible lending. She has provided us with copies of a letter that 1st Stop has recently sent to her about some arrears on her account. She doesn't think that is a correct reflection of her loan balance. She doesn't think my provisional decision resulted in a fair outcome.

### **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.

Having carefully thought about what Mrs K has said to us, and the new evidence she has provided I have not been persuaded that I should change the findings I set out in my provisional decision. So I will not be upholding this complaint. But I would like to comment on the additional points Mrs K has raised.

Mrs K borrowed £10,000 from 1st Stop. The amount she needed to repay, both monthly and in total was clearly set out in the loan agreement that she signed. So I think it reasonable to conclude that, at the time she took the loan, she was aware of, and accepted, the terms on which it had been granted, and the amounts she needed to repay. So I cannot reasonably conclude that the amount of interest that was due is an indicator that the loan was lent irresponsibly.

When 1st Stop sent its final response to Mrs K about her complaint, in early 2020, it noted that she had brought her loan back up to date. It seems that since then her account has fallen back into arrears. But since that happened after Mrs K made her complaint it isn't something that I can reasonably consider here.

But I can see from the contact notes that 1st Stop sent to us that Mrs K took advantage of a payment holiday following a reduction in her income due to the Coronavirus pandemic. I haven't seen a full account statement for Mrs K's loan, but would think it likely that the arrears 1st Stop is telling her about is as a result of those deferred payments. I note that the letter does say that, although 1st Stop is required to tell Mrs K about the arrears, if they arose as a result of a Coronavirus payment holiday they shouldn't cause any concerns, or have any impact on a consumer's credit history. But I'd encourage Mrs K to get in touch with 1st Stop to make sure that is the reason for her arrears.

For the reasons I set out in my provisional decision I think the checks 1st Stop did before agreeing this loan were proportionate. And I don't think those checks should have led to the loan request being declined. I don't think that 1st Stop treated Mrs K unfairly when she faced problems making her contractual repayments. So I don't think this complaint should be upheld.

### **My final decision**

For the reasons given above, I don't uphold the complaint or make any award against Oplo PL Ltd.

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

Paul Reilly  
**Ombudsman**