

The complaint

Mr T says Valour Finance Limited trading as Savvy.co.uk lent to him irresponsibly. He says he had significant financial and mental health problems at the time of lending. These would mean it wouldn't be possible for him to repay the loans in a sustainable way. He thinks Savvy should've made better checks and seen this.

What happened

This complaint is about one instalment loan Savvy provided to Mr T on 8 June 2015. Mr T borrowed £600 and he was due to make 12 monthly repayments of £100. The loan was repaid on 5 October 2015.

Our adjudicator didn't uphold the complaint. He thought that the checks Savvy had made were proportionate and so it was reasonable to lend.

Mr T disagreed with the adjudicator's opinion. He reiterated that his finances were poor and that he had other related problems.

As no agreement has been reached the complaint has been passed to me.

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 irresponsible lending - including all of 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. In practice this means that it should have carried out proportionate checks to make sure Mr T could repay the loans in a sustainable manner.

These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure. With this in mind, in the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate.

But certain factors might point to the fact that Savvy should fairly and reasonably have done more to establish that any lending was sustainable for the consumer. These 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 loans, and the longer the period of time during which a customer has been given loans (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 seen a record of the information Mr T provided when he completed his loan application. Mr T said he had a monthly income of around £1,500 and he had regular monthly outgoings of around £900. Savvy confirmed Mr T's income and outgoings where possible, for example, it obtained a screenshot of his bank details to confirm his income.

And in addition to asking Mr T about his situation it also looked at his credit file. And there were some concerns when it did this, such as a late payment on a credit card. But Savvy discussed these, and Mr T's overall situation, in a telephone call before lending. I think it got a reasonable picture of Mr T's finances from this process. So, it was reasonable for Savvy to think that Mr T could afford this lending given the information it had.

The crux of Mr T's objection to the lending is that he feels Lending Stream should have made more in-depth checks. Had it done this, it would've seen he was in financial difficulty. But given the amounts borrowed against his income, and that that it was early in the lending relationship, I don't think it's reasonable to say Savvy should have looked into his finances in more detail in this case.

I haven't seen any further information that shows its likely Savvy was made aware of any financial problems Mr T might've been having. Or anything that would've prompted it to investigate Mr T's circumstances further. So, I think it was reasonable for Savvy to rely on the information it obtained.

Mr T has said that he had mental health problems. And it seems reasonable to say that he's had a difficult time. I hope things have improved for him. But I've seen no evidence that Savvy was aware of this at the time. And the checks it made were otherwise proportionate. So, I'm not upholding Mr T's complaint for this reason alone.

So overall, in these circumstances, I think the assessments Savvy did were proportionate. And I think its decision to lend was reasonable. I'm not upholding Mr T's complaint.

My final decision

For the reasons set out above, I don't uphold Mr T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 17 September 2021.

Andy Burlinson
Ombudsman