

## **Complaint**

Mr D has complained about a loan NewDay Ltd (trading as “Marbles”) provided to him. He says the loan was given to him when he wasn’t in a position to afford it and at the same time his credit card limit was being increased.

## **Background**

Mr D also initially complained about a Marbles credit card. But as that complaint was upheld when Marbles looked at it, we’ve not looked into Mr D’s concerns about his credit card. And this decision is only looking at Mr D’s complaint about his Marbles loan.

Marbles provided Mr D with a loan of £1,500.00 in February 2019. This loan was due to be repaid in 24 monthly instalments of around £77.94. One of our investigators reviewed what Mr D and Marbles had told us. And she thought that Marbles hadn’t done anything wrong or treated Mr D unfairly. So she didn’t recommend that Mr D’s complaint be upheld. Mr D disagreed and asked for an ombudsman to look at his complaint.

## **My findings**

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr D’s complaint.

Marbles needed to make sure that it didn’t lend irresponsibly. In practice, what this means is Marbles needed to carry out proportionate checks to be able to understand whether Mr D could afford to repay before providing this loan. Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Marbles provided Mr D with a loan for £1,500.00 in February 2019. This loan had an APR of 24.8% and was to be repaid in 24 instalments of around £78, which meant the total amount to be repaid was £1,870.69.

Marbles says it agreed to Mr D’s application after he provided details of his monthly income and information on his expenditure. It says it cross-checked this against information on a credit search. All of this information showed Mr D could comfortably make the repayments he was committing to. On the other hand, Mr D has said he shouldn’t have been lent to.

The first thing for me to say is that Marbles hasn't provided a record of its credit search. But I've looked at the copy of the credit file Mr D has provided. And while Mr D did go on to have significant difficulties repaying credit, this was after he'd taken the Marbles loan. So Marbles can't have foreseen that this might happen in the future and I don't think it would have reason to doubt or disbelieve the other information it had.

Mr D's actual circumstances may not have been reflected either in the information he provided, or the information Marbles obtained. But it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. And the relatively low monthly payments and lack of obvious inconsistencies mean I don't think that Marbles did anything wrong when deciding to lend to Mr D here - it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable.

Finally, I've considered Mr D's points regarding his overall debt position with Marbles during this period. I know Mr D had a credit card, as well as this loan, with Marbles. But it's fair to say that the amount of credit advanced on the credit card was substantially more than this loan, which had low monthly repayments. So I don't agree that it automatically follows that Mr D's complaint about his Marbles credit card being upheld automatically means that this complaint should also be upheld.

I say this while especially mindful that Mr D's other complaint being upheld has already resulted in him, as far as practicably possible, being placed in the position he would be in had he not been provided with those credit card limit increases. And I'm satisfied that proportionate checks for this loan, when considered on their own, wouldn't have shown it to be unaffordable. I think that upholding this complaint based on wrongdoing on another case, which has already been put right, would arguably overcompensate Mr D and, in any event, based on the facts and circumstances in this case wouldn't be fair and reasonable.

So overall and having carefully considered everything, I don't think that Marbles treated Mr D unfairly or unreasonably when providing him with his loan. And I'm not upholding Mr D's complaint. I appreciate this will be very disappointing for Mr D. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm not upholding Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 28 March 2022.

Jeshen Narayanan  
**Ombudsman**