

## **The complaint**

Miss B complains that Oakbrook Finance Limited, trading as Likely Loans provided lending to her which was unaffordable and irresponsible.

## **What happened**

Miss B borrowed £4500 from Likely Loans in June 2019. It was payable over 60 months at £115.06 per month.

Miss B says that Likely Loans didn't undertake any basic affordability checks when they gave her the loan, and if they had done, the bank statements would have shown a lot of gambling transactions. She thinks this would have affected their decision to give her the loan.

Miss B says she is struggling to make the repayments and has health problems as a result of the stress.

Likely Loans issued their final response on 25 May 2021. They didn't uphold Miss B's complaint about the lending decision. They said that when the loan application was completed, they undertook a standard credit assessment which included looking at Miss B's income and taking into account any financial commitments. They reviewed her credit report, insolvency and delinquency records, and county court judgements. They don't routinely request bank statements and payslips or income verification as the loans they provide are low value. They thought this was proportionate for the low value of the loan given. Miss B was unhappy with this and she brought her complaint to us.

Our investigator didn't uphold Miss B's complaint. He thought that the checks that Likely Loans undertook to assess creditworthiness and affordability were fair and proportionate. Miss B has asked for an ombudsman's decision as so it has come to me to review.

## **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.

I have not upheld the complaint and I will explain my reasons below.

This was a high interest loan, and in cases like this I have to look at what checks the bank carried out when it made the decision to approve the lending, and consider whether those checks were proportionate and in accordance with the Consumer Credit sourcebook (CONC) 5.2. That involves looking at what information was available to the lender at the time, and whether based on the information, they should have done further checks to help them understand if the lending was sustainable.

Likely Loans have said that they looked at Miss B's credit report and the information that she declared on her application to establish if the lending was affordable. They have sent us the information that Miss B provided in her application. It shows she declared that she was a

student with income of £25000 per annum and declared she was living with her parents. The loan was to consolidate debts.

They verified her income through Current Account Turnover – a system by which banks and building societies can share current account credit and debit data to validate income and so there was no need to see a payslip. They then deducted living costs, which they estimated using the Office of National Statistics information.

The credit file they used showed that Miss B had £1700 of active debt and £745 defaulted debt. The active debt payments were being met and within credit limits, and the last default was from 53 months before the application. On that basis there was disposable income of £990.94 per month, meaning that a loan repayment of £115.06 per month would have been affordable.

I have seen the information that Likely Loans used, and I am satisfied that there was nothing in that information to alert them that the loan may not be affordable, and so there would have been no reason for them to undertake any further checks.

Whilst I appreciate that the bank statements may have shown the gambling issue that Miss B has now disclosed, there was no reason for Likely Loans to have requested them in this situation.

I can't see anything else in the application which would have alerted Likely Loans to the possibility of a gambling problem. Had there been anything, they would have had an obligation to treat Miss B as a vulnerable customer, but unfortunately there was no evidence in the information considered by Likely Loans to suggest that might be the case.

I am sorry that Miss B is now struggling financially and mentally, and I understand that the pressure of paying the loan will impact on this. However, I am pleased to see that Likely Loans have offered the option of discussing an affordable payment plan and other solutions and provided signposting to debt advice services.

However, at the time the loan was approved, the checks undertaken were proportionate and so I don't find that Likely Loans have done anything wrong here.

### **My final decision**

My decision is that I don't uphold this complaint, and Oakbrook Finance Limited, trading as Likely Loans do not need to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 10 March 2022.

Joanne Ward  
**Ombudsman**