

## **Complaint**

Mr G has complained about a loan TM Advances Limited ("TM Advances") provided to him. He says TM Advances irresponsibly lent him this loan.

## **Background**

One of our adjudicators reviewed what Mr G and TM Advances had told us. And she thought that TM Advances hadn't lent irresponsibly. So she didn't uphold Mr G's complaint. Mr G 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 G's complaint.

TM Advances needed to make sure that it didn't lend irresponsibly. In practice, what this means is TM Advances needed to carry out proportionate checks to be able to understand whether Mr G 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.

TM Advances provided Mr G with a loan for £3,000 in March 2016. It had an APR of 151.6% and was to be repaid in 36 instalments of £255.83, which meant the total amount to be repaid was a truly eye-watering £9,209.88. TM Advances says it agreed to Mr G's application after he provided details of his monthly income and expenditure. It says it cross-checked this against information on a credit search it carried out on Mr G. The information Mr G provided about his income and expenditure showed he'd be able to comfortably make the repayments he was committing to.

TM Advances says, in these circumstances it was reasonable to lend. On the other hand, Mr G has said he was in financial difficulty and shouldn't have been lent to.

I've carefully thought about what Mr G and TM Advances have said.

The first thing for me to say is that this was Mr G's first loan with TM Advances. The information provided does suggest Mr G was asked to provide details of his income and expenditure and TM Advances didn't just rely on what it was told as it carried out credit

checks. Furthermore, while I'm aware that Mr G had been in an Individual Voluntary Arrangement ("IVA"), he'd been discharged from it some months previously. So I don't agree that Mr G's previous IVA was, in itself, a reason not to lend.

I accept that Mr G's actual circumstances may not have been accurately reflected in the information gathered. And given the amount of the repayments as well as the term of the loan, I might have expected TM Advances to have done more to verify Mr G's expenditure before establishing that this loan was affordable.

But, in any event, I've looked at the information contained in the copies of the bank statements Mr G has provided. And when his monthly expenditure is deducted from his income, I don't think it can be reasonably concluded that there was no reasonable prospect of Mr G being able to make the payments to this loan without undue difficulty or borrowing further. On the contrary it appears as though Mr G had sufficient funds to be able to make his payments.

I'd also add that it's only fair and reasonable for me to uphold a complaint in circumstances a lender did something wrong. And, in this case, I don't think that TM Advances did anything wrong in deciding to lend to Mr G. It looks to be the case that while it was an egregiously high total amount Mr G had to pay, relative to the amount he borrowed, reasonable and proportionate checks won't have shown the monthly loan repayment of around £255 to be unaffordable.

As this is the case, I'm not upholding Mr G's complaint. I appreciate this will be very disappointing for Mr G. 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**

My final decision is that I'm not upholding Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 30 March 2022.

Jeshen Narayanan  
**Ombudsman**