

## **Complaint**

Mr H has complained about a loan Oakbrook Finance Limited (trading as “Likely Loans”) provided to him. He says the loan was irresponsibly provided to him.

## **Background**

One of our adjudicators reviewed what Mr H and Likely Loans had told us. And she didn’t uphold the complaint as she thought that Likely Loans hadn’t done anything wrong or treated Mr H unfairly. Mr H 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 H’s complaint.

Likely Loans needed to make sure that it didn’t lend irresponsibly. In practice, what this means is Likely Loans needed to carry out proportionate checks to be able to understand whether Mr H 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.

Likely Loans provided Mr H with a loan for £2,500.00 in February 2017. This loan had an APR of 65.9% and the total amount repayable of £4,965.12 was due to be repaid in 36 monthly instalments of around £138. Likely Loans says it agreed to Mr H’s application after he provided details of his monthly income and some information on his expenditure. It says it cross-checked this against information on a credit search it carried out and all of this information showed Mr H could make the repayments he was committing to. On the other hand, Mr H has said the loan payments were unaffordable.

I’ve carefully thought about what Mr H and Likely Loans have said.

The first thing for me to say is that Likely Loans did ask Mr H for some information on his income and expenditure. Likely Loans has also provided records indicating what the credit searches it carried out showed at the time. And having considered that information, which indicated that Mr H had 3 existing accounts which were being well maintained, I don’t think there was anything which contradicted the rest of the information obtained, which in itself suggested Mr H could make the repayments in a sustainable manner.

I know that Mr H says his actual circumstances weren't fully reflected either in the information he provided, or the information Likely Loans obtained. But even having looked at the bank statement information provided, which I'm not persuaded Likely Loans even needed to obtain, there isn't anything in this information which suggests the monthly payments were obviously unaffordable.

Furthermore, the key thing here is that it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. Given the circumstances here, and the lack of obvious inconsistencies, I don't think that reasonable and proportionate checks would have extended into doing anything further here.

As this is the case, I don't think that Likely Loans did anything wrong when deciding to lend to Mr H - it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable.

So overall I don't think that Likely Loans treated Mr H unfairly or unreasonably when providing him with his loan. And I'm not upholding Mr H's complaint. I appreciate this will be very disappointing for Mr H. 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 H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 26 April 2022.

Jeshen Narayanan  
**Ombudsman**