

## The complaint

Mr R complains that UK Credit Limited ("UK Credit") lent to him in an irresponsible manner.

## What happened

Mr R was given a loan by UK Credit. He applied for the loan in May 2019, for £7500 and agreed to repay £250.77 a month over 60 months. The total repayable if the loan went to full term would be £15,046.20.

I issued a provisional decision on this complaint in February 2022. Both parties have received a copy of that provisional decision, but for completeness I include an extract from the decision below. I said;

*"UK Credit gathered some information from Mr R before it agreed to the loan. It asked him for details of his income and his expenditure. It says it then checked Mr R's credit file to determine how much he was paying to other lenders. And it asked Mr R to provide a payslip so it could verify his income.*

*UK Credit made an assessment of Mr R's disposable income and the likelihood that he would be able to repay the loan. It used verified income and then expenditure that Mr R declared to it. It calculated that Mr R had monthly income of £1450 and expenditure of £712.*

*I can see why UK Credit would think the loan repayment would be affordable based on what it had calculated. But I don't think its checks were proportionate and I think it should have gathered more information than it did. I agree with our investigator, that UK Credit didn't ask enough questions about Mr R's finances in this instance. This was a relatively large loan for Mr R to take out and was over a 5-year term. Mr R also had a substantial secured loan on his credit file, and although he gave UK Credit an explanation as to this and that a family member was making the repayments, I think seeing this ought to have alerted it to want to find out more.*

*I would have expected UK Credit to conduct a complete review of Mr R's finances to ascertain whether he would be able to sustainably make the repayments. So, I think, as well as verifying his income, UK Credit should have also looked to verify Mr R's expenditure rather than relying on declared information. This is so it could assure itself of Mr R's true financial position and that he could make the repayments in a sustainable way.*

*As I can't see that it did this, I would need to consider what it would have seen if it had carried out further checks. Mr R has provided our service with his personal bank statements from a period of time of 3 months leading up to the loan application. So, I have been able to review them and look through Mr R's expenditure. In doing this I can see that there was no credit impairment on the statements such as returned or unpaid direct debits and no other loans or credit other than what UK Credit was already aware of. I can also see Mr R's living expenses and essential expenditure and can see that when this is deducted from his income that he would have been able to afford the repayments for the loan. And I haven't seen anything else within the bank statements provided by Mr R that would suggest to me that*

*further checks and further verification of his expenditure would make the loan unaffordable either. So, I don't think UK Credit irresponsibly agreed to this loan.*

*So, I currently don't think UK Credit was wrong to give the loan to Mr R based on the circumstances of his complaint."*

I asked both parties to let me have any comments, or additional evidence, in response to my provisional decision. UK Credit responded and said it had no further comments. Mr R responded and submitted some additional documentation about the loan.

### **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 looked through the documentation that Mr R has submitted and can see that it is documentation relating to the loan that UK Credit has produced from the time. Reading these documents has not changed my findings or decision in Mr R's complaint. And UK Credit has not made any new points for me to respond to. So, as neither party has anything further to add that I feel I need to comment on or that will change the outcome of this complaint, I don't see any reason to depart from my findings within my provisional decision. With that being the case, I do not uphold Mr R's complaint.

### **My final decision**

My final decision is that I do not uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 25 April 2022.

Mark Richardson  
**Ombudsman**