

## **The complaint**

Mr Y complains that Commsave Credit Union Limited irresponsibly approved his loan application that was unaffordable and hasn't supported him during financial difficulties.

## **What happened**

Mr Y says he took out a Commsave loan for £1,500 followed by a further loan with a different business for £1,800. He says he then applied for and was given a Commsave loan for £5,000 which was intended to consolidate the previous loans, but he accepts some of the money was used for purchases. Mr Y says he then entered into a Debt Management Plan (DMP) which Commsave didn't accept due to a household income issue. He says he accepts he didn't make required payments as he wanted Commsave to negotiate with him and says he was unable to afford the required payments. Mr Y would like compensation for what took place and for future interest to be stopped.

Commsave says it looked into the complaint about the DMP and says Mr Y previously brought a complaint to us about that. It says it was concerned that Mr Y was repaying a credit card debt at about £150 a month and was prioritising that debt over the loan. It also says it carried out checks on Mr Y's finances and thought he could afford more than his offer. Commsave says it agreed a short-term plan with Mr Y which lasted about five months.

Mr Y brought his complaint to us and our investigator explained that we couldn't look into issues previously brought to us. The investigator thought the loan was unaffordable from the outset and didn't think Commsave had offered appropriate help. The investigator thought Mr Y had declared his wife's income of about £900 benefits in the original application which should not have been included as it was hers not Mr Y's money and he had no access to it. The investigator thought Commsave should have carried out further checks on the application which would have shown it was unaffordable. He recommended all interest and charges be refunded and the loan re-worked.

Commsave doesn't accept that view and says it carried out appropriate checks on Mr Y which included obtaining his wage slip and bank statements as well as carrying out a credit search. It says it is entitled to take into account Mr Y's wife's income even if it's benefits and says Mr Y declared an income of over £2,200 with outgoings of £1,210. And says the loan was affordable even if the benefits were deducted.

I asked Mr Y for his credit file and copy bank statements which he has provided, and he has also confirmed that he accepts this complaint is now mainly about the loan affordability and not the DMP issues.

## **My provisional decision**

I issued a provisional decision on this complaint and said as follows.

Lenders and credit providers should carry out reasonable and proportionate checks before lending. Those checks will of course vary depending on the type and amount of any lending.

This was an application for a loan of £5,000 from a credit union and so I wouldn't have expected Commsave's checks to have been as detailed here as for example a mortgage application. But of course, checks must be carried out although I accepted this was a loan from a credit union.

I looked carefully at Commsave's records and saw that Mr Y declared an income of £2,300 and expenditure of £997 a month. I could also see he declared his wife's income as zero but stated £900 was received in benefits. I didn't agree with the investigator's view that the £900 was Mr Y's wife's money and so shouldn't have been included in any calculations. I didn't think it matters who received it as it's clearly household income and in any event Mr Y declared it as effectively his income. I was satisfied that Commsave checked the information Mr Y provided it with and saw that it obtained a previously submitted wage slip as well as Mr Y's account statements. I was also satisfied that Commsave checked Mr Y's credit files and carried out affordability checks.

So, I said I was satisfied that Commsave did carry out reasonable and proportionate checks on Mr Y's loan application which included obtaining evidence of income. I was also satisfied that on the face of it the loan was affordable as Mr Y's income comfortably exceeded his outgoings. I said I can't fairly hold Commsave responsible for the fact that Mr Y didn't use the new loan to repay the existing debt as he said he intended to do.

I appreciated that the investigator said Commsave ought to have carried out further checks and in particular asked about the benefits payment. I made clear that I disagreed and was satisfied Mr Y declared it as additional income in the correct section on the application form. In any event I thought Mr Y's outgoings were clearly household outgoings and so Commsave would have been entitled to consider household income even if Mr Y had declared the benefits payments as being received by his wife.

I explained that Lenders should treat customers in financial difficulties positively and sympathetically. I considered that issue had previously been looked at by us as part of the DMP complaint and it was not upheld. I said I could consider how Commsave dealt with Mr Y since that complaint but was satisfied that it did act positively and sympathetically. I could see it agreed a five month plan accepting payments of £10 a month. But I also saw that Mr Y wrote to it and told Commsave he was prioritising other debts over this loan as he felt other companies treated him more fairly. I said that Mr Y refused to make payments in order to force Commsave to negotiate with him. It follows that I was satisfied that Commsave tried to help Mr Y and could see it made a number of attempts to speak to him. I also thought Commsave was reasonably entitled to question the financial details Mr Y provided as they didn't match the details in the original loan application

Overall, my provisional view was that Commsave carried out appropriate checks on Mr Y's application and that it tried to offer support to him.

Mr Y doesn't accept that view and says he was not treated fairly.

### **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.

Having done so and re-considered all of the arguments and evidence I have come to the same overall view that I reached in my provisional decision and for the exact same reasons.

**My final decision**

My final decision is that I don't uphold this complaint.

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

David Singh  
**Ombudsman**