

The complaint

Mr L complains 1Plus1 Loans Limited irresponsibly approved him for two loans.

Mr L is represented by a claims management company. For ease; I'll refer to all submissions as if they were made directly by Mr L.

What happened

1Plus1 Loans approved Mr L for the following loans:

Loan	Date	Capital Amount	Term	Monthly Repayments
One	June 2013	£1,500	24 months	£100 (approx.)
Two	January 2015	£2,000	24 months	£120 (approx.)

Mr L says 1Plus1 Loans did not complete reasonable and proportionate checks before approving the loans. He says had 1Plus1 Loans done so it would've seen the loans were unaffordable to him and decided not to lend.

I wrote to both parties setting out my provisional decision. I set out my provisional findings as below:

"I've considered all the available evidence and arguments to decide fair and reasonable in the circumstances of this complaint.

Having done so I'm not currently minded to uphold this complaint.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website. I've used this approach to help me decide this complaint.

Mr L is aware of our service's approach to irresponsible and unaffordable lending complaints; so for the sake of conciseness I won't set out the detail here and will simply say I've considered whether 1Plus1 Loans completed reasonable and proportionate checks before making a fair decision to lend. I've also considered whether 1Plus1 Loans have acted unfairly in any other way.

Loan one

Our investigator set out why she felt 1Plus1 Loans had acted fairly in relation to loan one. Both 1Plus1 Loans and Mr L accepted her findings in relation to this loan. So I won't go into further detail here other than to say that I agree with it. That is to say I'm satisfied 1Plus1 Loans completed reasonable and proportionate checks on

this loan. These checks demonstrated that Mr L could likely afford the loan. As such I'm satisfied 1Plus1 Loans acted reasonably when providing this loan to Mr L.

Loan two

Loan two was a total of £2,000 and was taken out in January 2015.

1Plus1 Loans completed the same level of checks for loan two as it did for loan one. That is to say it checked Mr L's credit file; and completed an income and expenditure assessment on him.

These checks showed that Mr L's income had increased to £1,300. The credit file showed that Mr L's overall level of indebtedness had also increased as he had taken out two further unsecured loans since loan one which amounted to about £4,000 in total unsecured debt. The checks confirmed that Mr L was still living with family; and that his contribution to household bills remained the same.

Having considered the checks which 1Plus1 Loans completed; I'm currently minded to say I'm satisfied that they were proportionate in this instance.

Whilst I note that Mr L's outgoings for both non-credit and credit commitments had increased; I also note his income had too. I'm also mindful that the amount being advanced by 1Plus1 Loans remained low with correspondingly low monthly repayments; as such the requirements for further checks would not necessarily be proportionate in this instance.

1Plus1 Loans was aware of Mr L's increased outgoings and credit commitments (including the fact he had a further dependent); and from what I've seen these were taken into account when making its affordability assessment. Mr L's credit file did not show any signs of financial distress such as missed payments or arrears. In addition to this; the first loan he took out had been well maintained. And I'm not persuaded the increase in his overall level of indebtedness alone is enough to warrant 1Plus1 Loans to have completed further checks.

As such; considering these checks were proportionate to the value being advanced; and demonstrated the loan was likely affordable to Mr L; I'm currently minded to say 1Plus1 Loans acted reasonably when providing this loan.

It follows that I'm currently not minded to uphold Mr L's complaint."

I asked both parties to respond with any further comments or information they wished to provide. 1Plus1 Loans responded and agreed with the decision. Mr L disagreed. He provided further copies of his bank statements and maintained that 1Plus1 Loans had not done proportionate checks.

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've carefully considered all of the information afresh; and having done so I'm remain satisfied with the findings that I set out in my provisional decision. All parties agreed with the findings of our investigator in relation to loan one; and I am also satisfied 1Plus1 Loans completed reasonable and proportionate checks in relation to it.

In relation to loan two; Mr L says 1Plus1 Loans should've requested bank statements; and had it done so it would've seen that his outgoings were higher than those declared due to gambling transactions. Whilst I acknowledge Mr L's argument; he hasn't raised any new information as to why he feels 1Plus1 Loans' checks weren't proportionate in this instance. The information on his statements would go to the affordability of the loan; not to whether 1Plus1 Loans completed reasonable and proportionate checks.

In the absence of new information or arguments to proportionality; I'm satisfied that my findings in relation to the proportionality of the checks for this loan should remain the same.

1Plus1 Loans was aware of Mr L's increased outgoings and credit commitments (including the fact he had a further dependent); and from what I've seen these were taken into account when making its affordability assessment. Mr L's credit file did not show any signs of financial distress such as missed payments or arrears. Mr L had declared that his income had increased during this time; and that he remained living at home making a small contribution. There was no information which demonstrated 1Plus1 Loans could not reasonably rely on the information Mr L provided (nor can I see he made 1Plus1 Loans aware of his increased outgoings due to gambling); which would've warranted gathering further information from Mr L.

I'm also mindful that the amount being advanced here was modest and as such the proportionality of the checks required were relative to this amount. And for the reasons set out above (as well as those set out in my provisional decision); I'm satisfied the checks were proportionate in this instance.

These checks showed that Mr L could likely afford the loan repayments. So, it follows I'm satisfied 1Plus1 Loans acted reasonably when providing loan two. As such 1Plus1 Loans does not need to do anything further in relation to this complaint.

My final decision

My final decision is that I do not uphold this complaint against 1Plus1 Loans Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 7 October 2022.

Tom Whittington
Ombudsman