

## The complaint

Mr D complains that Oakbrook Finance Limited trading as Likely Loans irresponsibly lent to him.

## What happened

I issued a provisional decision on this complaint in July 2022, where I set out the background to this complaint and explained why I had reached a different conclusion to the adjudicator. The key parts of my provisional decision are below;

### ***“What happened***

*The details of this complaint are well known to both parties, so I won't repeat them all again here. In summary Likely loans lent Mr D one loan in March 2020. The loan was for £5,000 due to be repaid in 36 monthly instalments of £243.55.*

*When this complaint was looked at by our adjudicator, he didn't think Likely loans had done anything wrong, but Mr D disagreed, he said he was reliant on credit and that had Likely Loans carried out proportionate checks it would have seen this and wouldn't have lent to him.*

### ***What I've provisionally 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.*

*Likely Loans is aware of its obligations under the rules and regulations in place at the time of this lending decision, including the Consumer Credit Sourcebook (“CONC”), so I won't repeat them here. But, briefly, it was required to carry out sufficient checks to ensure that Mr D would be able to repay the borrowing applied for in a sustainable way. As set out in CONC 5.3.1G(2) that means that he could manage the repayments, “...without...incurring financial difficulties or experiencing significant adverse consequences”*

*Having looked at all the information available here, I don't think Likely loans did enough before agreeing to lend to Mr D and had it taken its checks further, it would have seen Mr D couldn't afford the loan over the entire term.*

*Likely loans said it carried out a credit search but has been unable to provide the results of its search at the time it lent. It says it used Mr D's more recent credit data to respond to the complaint. The results of the credit data it has used showed that Mr D was due to pay around £824.55 towards his credit commitments, this included a bank loan, credit cards and the repayment for this loan.*

*Mr D declared £2,334.65 as his income and Likely loans has said after carrying out further checks through a verification tool, it found that Mr D's income was around £2,130 which was what it based its lending decision on. Mr D declared his housing costs as £450 but didn't declare his living expenses and so Likely loans said it used average national figures and took into account £503.40 for his living costs. Based on these calculations, Mr D would have been left with a disposable income of around £350.*

*However, I don't think Likely Loans sufficiently reacted to the results of his checks, the checks show that Mr D would be paying a significant portion (£824.55) of his monthly income (£2,130) towards unsecured and debt. There's an argument to say based on Mr D's credit repayments, Likely Loans shouldn't have lent. At least, I think that should have prompted Likely Loans to take its checks further and specifically understand Mr D's living expenses and gain a better understanding of his financial circumstances.*

*Had it done that, I think it would have found that Mr D had taken out another unsecured loan a month before this loan and was due to repay around £225 a month towards that loan. Adding this to his confirmed credit commitments, Mr D would have been left with less disposable income and there was a significant risk that he'd struggle to repay the loan over the term.*

*In those circumstances, Likely Loans shouldn't have lent, and I think it needs to put things right."*

The deadline to respond has now passed and neither party has provided further comments or evidence for me to consider.

### **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 reconsidered the complaint again, I see no reason to depart from my provisional findings. Likely Loans needs to put things right.

### **Putting things right**

To put things right, Likely Loans should;

- Remove all interest, fees and charges applied to the loan;
- Treat any payments Mr D made as payments towards the capital amount of £5,000;
- If this results in overpayments, add interest of 8% simple a year on any overpayments from the date they were paid (if they were) to the date of settlement†;
- If after reworking the account there's still outstanding balance, Likely Loans should agree a suitable repayment plan with Mr D;
- remove any negative information about loan from Mr D's credit file once Mr D has repaid the capital borrowed.

† HM Revenue & Customs requires Likely Loans to take off tax from this interest. Likely Loans must give Mr D a certificate showing how much tax it's taken off if he asks for one.

### **My final decision**

For the reasons given here and in my provisional decision, I uphold Mr D's complaint and direct Oakbrook Finance Limited to put things right as set out above.

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

Oyetola Oduola  
**Ombudsman**