

## **Complaint**

Mr O has complained about a personal loan Chetwood Financial Limited (trading as “Better Borrow”) provided to him. He says the loan was provided irresponsibly proportionate checks would have shown that he was gambling unsustainable sums of money.

## **Background**

Better Borrow provided Mr O with a loan for £5,000.00 in May 2022. This loan had an APR of 19.6% and the total amount to be repaid of £7,546.65, which included interest fees and charges of £2,546.65, was due to be repaid in 60 monthly instalments of around £125.

One of our adjudicators reviewed what Mr O and Better Borrow had told us. He thought that Better Borrow hadn’t treated Mr O unfairly and so didn’t recommend that the complaint be upheld. Mr O disagreed and asked for an ombudsman to review 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 O’s complaint.

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

Better Borrow says it agreed to Mr O’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 which showed his existing commitments were relatively well maintained at the time of the application. According to Better Borrow the checks showed no use of payday or other high-cost type lending. In Better Borrow’s view all of the information it gathered showed that Mr O could comfortably afford to make the repayments he was committing to.

On the other hand, Mr O has said he was already in financial difficulty because of his gambling and proportionate checks would have shown he couldn’t afford this loan.

I've carefully thought about what Mr O and Better Borrow have said.

The first thing for me to say is that Better Borrow has provided the details of its credit searches. Better Borrow having carried out credit checks shows that it didn't simply rely on what Mr O said and that it took some steps to check at least some of the information he provided in his application.

Better Borrow searches appear to show that Mr O's existing commitments were relatively well maintained. Crucially, according to the credit searches, Mr O's debt total at the time of the applications was also reasonable in comparison to his income. And there isn't anything else obvious in the information gathered which leads me to think that further checks would have been reasonable and proportionate.

I accept that Mr O's actual circumstances may not have been fully reflected either in the information he provided, or the information Better Borrow obtained. I also acknowledge that if Better Borrow had gone into the depth of checks Mr O appears to be saying it should have – such as obtaining bank statements – it would have realised why Mr O might not have been able to make his payments and may well have reached a different answer.

But the key here thing is that I don't think the circumstances of the lending here warranted obtaining bank statements. Better Borrow wasn't lending a huge amount – especially when compared to Mr O's income. And given the circumstances, I'd expect it to have a reasonable idea of Mr O's income and committed non-discretionary spending, which it did here, rather than a complete review of Mr O's finances.

Equally, 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 the level of checks Mr O is suggesting.

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

So overall and having considered everything, I don't think that Better Borrow treated Mr O unfairly or unreasonably when providing him with his loan. And I'm not upholding Mr O's complaint. I appreciate this is likely to be very disappointing for Mr O. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

Even though I'm not upholding Mr O's complaint, I'd also remind Better Borrow of its obligation to exercise forbearance and due consideration should it be the case that Mr O cannot make his payments as a result of experiencing financial difficulty.

### **My final decision**

For the reasons I've explained, I'm not upholding Mr O's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 28 November 2022.

Jeshen Narayanan  
**Ombudsman**