

The complaint

Mr N complains that Fluro Platform Limited, trading as Lending Works (“Lending Works”) shouldn’t have lent to him because it ought reasonably to have realised that he would struggle to make his repayments.

What happened

Lending Works approved a loan of £1,000 for Mr N in June 2017. The loan was to be repaid over 12 months and Mr N told Lending Works it was for consolidation of debts.

Mr N said Lending Works were wrong to provide credit as it wasn’t affordable for him.

Lending Works disagreed. They said that when they approved the loan they used a combination of credit reference agency and self-reported information to assess the application. They said that Mr N told them his income was £2,986 and they verified this income through a credit reference agency. They also used statistical information to establish/clarify Mr N’s likely expenditure. They didn’t think there were signs that Mr N was in financial difficulty and they thought he had enough disposable income to sustainably afford the monthly repayments of a little over £90.

Our investigator agreed with Lending Works, but Mr N didn’t. He said he had a credit card and a loan that Lending Works hadn’t seen in their credit file review and should have, and he also explained that he was regularly using a large proportion of his overdraft and that he’d taken a loan out for over £11,000 about 6 months before he had made his application for this one. He said he was using credit to fund a gambling habit and he explained that this service had already upheld previous complaints about irresponsible lending to him by other businesses. He asked for a final decision by an ombudsman.

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.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I’ve had this approach in mind when considering what’s fair and reasonable here.

I think Lending Works completed reasonable and proportionate checks before approving the loan, and I don't think the information it collected suggested the loan wasn't affordable for Mr N.

The credit file didn't suggest that Mr N was in financial difficulties. He was using about half of his available overdraft and there were no missed payments, defaults, or County Court Judgments listed on his credit file.

Lending Works established Mr N was earning £2,986. The loan repayments they were notified of in the credit report they were provided with suggested Mr N had monthly credit commitments of about £895. Once Mr N's expenditure was taken into account that left about £594 of disposable income and was sufficient to sustainably make monthly repayments of a little over £90 towards this new agreement. I've reviewed Lending Works calculation of Mr N's housing and living expenses and the apportionment seems fair. Mr N was utilising about 50% of his overdraft limit and even if the full overdraft was utilised and repaid over a reasonable period of time I think Mr N would still have had sufficient disposable income to afford the limited credit Lending Works provided.

There was a reasonably recent loan of over £11,000 but given the good repayment history I don't think that meant Lending Works needed to complete more detailed checks. I think a loan of that proportion would suggest the credit was being used to fund a major purchase and would not necessarily be a sign of financial distress.

Mr N says the business should have seen he had another loan and a credit card. It's for Lending Works to decide which credit reference agencies they use to provide information on consumer's credit obligations. I don't think it would be fair to suggest Lending Works needed to use alternative suppliers of that information. The one they were using was a major, established company.

As I think the checks the business completed were reasonable and proportionate I don't think Lending Works needed to ask Mr N to provide bank statements to support his application. It was only by reviewing those statements that they may have become aware of any gambling habit. So, I don't think it would be fair to suggest Lending Works should have been aware Mr N had gambling problems.

Whilst this service has upheld some of Mr N's other complaints the circumstances were different for each of those credit applications. Having reviewed the circumstances of this complaint I'm not persuaded to uphold it.

My final decision

For the reasons I've given above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 23 December 2022.

Phillip McMahon
Ombudsman