

## **The complaint**

Mr R complains that Brent Shrine Credit Union Limited trading as My Community Bank (MCB) lent to him irresponsibly.

## **What happened**

In October 2021, Mr R applied to MCB for a loan of £5,000. It was agreed and was to be repaid in 48 monthly instalments of approximately £178. Mr R says at the time he was experiencing issues with his mental health, his finances, and a gambling addiction. He says he had taken two other loans shortly before this one, totalling £10,000. Mr R believes that if MCB had checked his application properly, it ought to have refused it. He says it was lent irresponsibly.

MCB looked into his complaint. It said it conducted its usual checks and the results hadn't caused any concerns. MCB said the two loans Mr R had taken recently didn't show on his credit report at the time as they were too new. It said it had no way of knowing Mr R was struggling with his mental health. MCB rejected Mr R's complaint.

Mr R didn't agree with MCB's response, so he referred his complaint to us. One of our investigators looked into it. She said MCB had carried out reasonable checks on Mr R's application. She'd seen nothing to suggest MCB ought to have asked further questions, so she felt it had reached a fair decision to lend to Mr R.

MCB accepted what our investigator said, but Mr R didn't. He said, in summary, MCB ought to have reviewed his accounts through open banking and therefore should have identified his gambling addiction. If it had, he feels it ought to have refused to lend to him. He also said a complaint he raised about another loan with another provider was upheld by this service in similar circumstances, so he feels this one should be too.

As there was no agreement, the complaint has been passed to me for a decision.

## **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.

We've set out our approach to complaints about unaffordable and irresponsible lending on our website – including the key relevant rules, guidance, good industry practice and law. I've considered this approach when deciding this complaint.

MCB needed to carry out reasonable and proportionate checks to ensure that it didn't lend to Mr R irresponsibly. I think there are key questions I need to consider in order to decide what is fair and reasonable in the circumstances of this complaint:

- Did MCB carry out reasonable and proportionate checks to satisfy itself that Mr R was in a position to sustainably repay the loan?

- If not, what would reasonable and proportionate checks have shown at the time?
- Did MCB make a fair lending decision?
- Did MCB act unfairly or unreasonably towards Mr R in some other way?

There is no set list of checks that MCB had to do, but it could take into account several different things such as the amount and length of the loan, the amount of the monthly repayments and the overall circumstances of the borrower.

#### Did MCB carry out reasonable and proportionate checks?

MCB gathered information from Mr R at the application stage and carried out a creditworthiness assessment as it is obliged to do by the regulations. As part of that check, it used a credit reference agency to verify Mr R's income which he'd quoted as £35,000 a year, and used information published by the Office for National Statistics (ONS) to estimate his expenditure.

It also conducted a review of Mr R's credit report which showed he was paying just under £600 per month to other creditors. He had no defaults or County Court Judgments, and his payments were up to date on all accounts. The credit report obtained doesn't show the very recent loans Mr R has mentioned as part of his complaint

I don't think it's unusual that MCB were unaware of the recent loans Mr R had taken because, in my experience, it can take up to eight weeks for accounts to appear on a credit report. So I don't think the information it found would have given it any cause to ask for further information such as Mr R's bank statements etc. In my view, the checks carried out by MCB were sufficient to be considered reasonable and proportionate in the circumstances. I've seen nothing to suggest it was aware (or ought to have been aware) of his gambling or mental health issues.

Given that I think MCB carried out reasonable and proportionate checks before agreeing to lend to Mr R, I think it made a fair decision to lend to him.

#### Did MCB act unfairly or unreasonably towards Mr R in some other way?

I've carefully read and thought about all the evidence provided by each party to this complaint. Having done so, I don't think MCB has acted unfairly or unreasonably towards Mr R in some other way.

I've noted Mr R's comments that MCB ought to have reviewed his accounts through open banking. But as I've explained, given the information it found while conducting its usual checks, I see no reason for it to have taken that extra step.

I note too his concerns that another loan he complained about was found to be unaffordable by this service. It wouldn't be right for me to comment in detail on another cases, but it may be that the investigator in the other case felt the lender hadn't carried out reasonable and proportionate checks, which led to a different decision.

I'm sorry to disappoint Mr R, but I don't uphold his complaint about MCB. If he finds himself in financial difficulty, I'd encourage him to work with MCB to reach an affordable repayment plan. I'd also remind MCB of its obligation to treat customers in financial difficulty fairly.

#### **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 R to accept or reject my decision before 30 August 2023.

Richard Hale  
**Ombudsman**