

## **The complaint**

Ms A complains that Metro Bank PLC trading as RateSetter (RS) lent to her irresponsibly.

## **What happened**

In August 2022 Ms A applied for a loan with RS. RS approved the application and gave Ms A a loan for £4000 repayable over 48 months with a monthly repayment of £114.62.

Ms A complained that RS had lent to her irresponsibly. She said she'd applied for the loan after a CCJ was removed from her credit file at a time when she was desperate for money and already held several credit cards.

RS didn't uphold the complaint. It said it had carried out proportionate checks before lending to Ms A.

Ms A was unhappy with the response and complained to this service.

Our investigator didn't uphold the complaint. They said RS had carried out reasonable and proportionate checks and that the lending decision was fair.

Ms A didn't agree. She said she didn't earn the level of income that RS used in its affordability assessment and that she had multiple credit accounts at the time she applied for the loan.

## **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 irresponsible and unaffordable lending on our website. I've had this approach in mind when considering Ms A's complaint.

Before agreeing to lend, RS needed to carry out reasonable and proportionate checks to ensure that Ms A could afford to repay what was being lent to her. There's no set list of checks that a lender has to carry out, but lenders need to have regard to the amount of the loan, the total amount repayable, the length of the term, the monthly repayments and the consumers individual circumstances.

Ms A declared that she was employed with an income of £30,000 when she applied for the loan, with a net monthly income of £2019.03. RS verified this using an industry tool.

RS carried out a credit search and took into account Ms A's existing debt repayments and other expenses to calculate her monthly disposable income. It decided that Ms A's monthly disposable income of around £747 was sufficient for her to sustainably repay the loan.

Ms A has said that she had several unpaid credit accounts at the time she applied for the loan. I've reviewed the information from the credit search carried out by RS, but I can't see any evidence of missed payments or defaulted accounts.

Taking the amount of the loan into account, as well as the other factors I've mentioned, I think the checks carried out by RS were reasonable and proportionate. There's nothing in the information gathered from the checks which would've given RS cause for concern or necessitate further checks.

I've gone on to consider whether the lending decision was fair. I've looked at the information gathered by RS. There's nothing to suggest that Ms A was struggling to repay her existing credit commitments or that she was unlikely to be able to sustainably repay the loan. I appreciate that Ms A has said that RS should have seen that she took out credit cards before she applied for the loan. However, these credit cards aren't showing on the credit search carried out by RS, so I can't fairly say that RS should have taken these into account.

I've taken on board what Ms A has said about her gambling problems. She has said that this would've been apparent from her bank statements. There's no obligation on a lender to look at bank statements before lending. And as I've already said, I think the checks carried out by RS were reasonable and proportionate.

Taking everything into account, I think the lending decision was fair.

Ms A doesn't agree that she declared annual income of £30,000 when she applied for the loan. RS has told this service that this is the information provided by Ms A in her application form. If Ms A is saying that she didn't complete the form then she will need to raise this issue separately with RS first.

### **My final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 19 July 2023.

Emma Davy  
**Ombudsman**