DRN-4253954

The complaint

Mr W complains that Chetwood Financial Limited, trading as LiveLend, lent to him irresponsibly when it gave him a fixed sum loan agreement which he says he couldn't afford.

What happened

Mr W took out a loan agreement with LiveLend for £8,000 in May 2020. He settled the loan early in September 2021.

Mr W says that LiveLend shouldn't have lent to him because he was struggling with other debt, and he had a gambling problem. He thinks LiveLend was negligent in allowing him to take the loan and asks that LiveLend pay back all interest and charges on the loan.

Our investigator didn't think Mr W's complaint should be upheld. Mr W disagreed.

Our investigator reviewed the further points Mr W made but concluded it didn't make a difference to their view.

As Mr W didn't agree with the investigator's view his complaint has been passed to me to make 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 general approach to complaints about unaffordable and irresponsible lending - including the key relevant rules, guidance and good industry practice - on our website and I've taken that into account when I have considered Mr Ws complaint.

Having done so, I have come to the same conclusion as that of our investigator. I will explain why I have reached this decision.

LiveLend needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mr W could afford to repay what he was being lent in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and Mr W's income and expenditure. There is no set list of checks a business has to do.

In Mr W's case, LiveLend has provided evidence of the checks it completed, and the information Mr W gave during his application. Mr W declared a net monthly salary of £3,135 a month, which LiveLend verified through credit checks. It also checked Mr W's credit record where it found Mr W had a mortgage costing around £666 a month. He had other unsecured debt totalling around £20,000 and revolving credit debt of around £5,000. His repayments on his existing unsecured debt plus the costs of the new loan were about 25% of Mr W's monthly income (our investigator said it was about 45%, but I am satisfied it was lower),

Mr W's declared essential expenditure of around £1,500 which LiveLend then cross checked with Office of National Statistics data. Taking into account Mr W's essential bills and his credit commitments including the new loan, Mr W would have been left with a disposable income of around £225 a month, which made the loan affordable. On this basis, I don't think LiveLend needed to do any more detailed checks.

Mr W explains that he had a gambling addiction. He says he used the loan to pay back his mother from whom he had borrowed money to support his gambling. He says if LiveLend had asked to see his bank statements then it would have realised he was in financial difficulty and wouldn't be able to afford the repayments.

I can see that Mr W did transfer some of the loan to a third party and that he did gamble a significant amount of the remaining loan. It's likely that LiveLend would have noted this if it had asked him for his bank statements. But I don't think it needed to do that. I am satisfied that the checks it completed were proportionate to the information it had about Mr W and I think it acted fairly on the information it obtained.

It also noted that Mr W was managing his other credit well, with no evidence of recent missed payments, arrears, defaults or CCJs

Mr W says the information relied upon by LiveLend was incorrect. He says the assessment of his income was too high. He's provided bank statements to show his net income was closer to £2,380. And he says that he was solely responsible for all the household expenses, including the mortgage held jointly with his partner, as she wasn't working.

It may well be that Mr W's expenses were higher than LiveLend's modelling. However, that doesn't mean it didn't complete necessary and proportionate checks or that it did anything else wrong. Mr W's net income *was* lower than an income declaration of £40-50,000 would suggest; it equates to a gross salary of about £37,000 a year. It's possible that Mr W had deductions from his gross income, such as salary sacrifice schemes for childcare vouchers or a pension, which made his net income lower. I also note that he declared an income of £43,700 in another credit application made in the same month. So, I don't think LiveLend overestimated his income to such an extent that it should have been clear it wasn't realistic.

In relation to Mr W's essential expenditure, I think it was reasonable for LiveLend to rely on modelling based on Office of National Statistics data. The rules[1] which relate to consumer credit state that a business may take into account statistical data unless it knows or has reasonable cause to suspect that the consumer's non-discretionary expenditure is significantly higher than that described in the data or that the data are unlikely to be reasonably representative of the consumer's situation. In Mr W's case, while he had relatively high existing credit, he was earning above the national average and had no negative information on his credit file. So, I don't think LiveLend had any reason to suspect that Mr W's circumstances were significantly different to those it understood following the credit checks and modelling.

Mr W separately explains that although he had a joint mortgage, he had been solely meeting the repayments as his partner was not working. Again, the rules[2] state that where there is a reasonable expectation that a consumer will have responsibility to pay only a share or a part of a payment towards a contractual or statutory obligation then the business may, in

[1] CONC 5.2A.19
[2] CONC 5.2A.18

appropriate cases, take this into account. I am satisfied that LiveLend were reasonable in apportioning only half of the mortgage repayment costs to Mr W in relation to his joint mortgage.

In light of the above, I am satisfied that LiveLend did necessary and proportionate checks before it lent to Mr W, and I am also satisfied that it acted appropriately on the outcome of those checks.

My final decision

I do not think LiveLend acted unfairly or unreasonably when it lent to Mr W and so I do not think Mr W lost out as a result of anything LiveLend did wrong. It follows that I do not think Chetwood Financial Limited, trading as LiveLend, needs to do anything further

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 6 October 2023.

Sally Allbeury
Ombudsman