

## **The complaint**

Miss K says Salad Finance Limited, trading as Salad Money, irresponsibly lent to her.

## **What happened**

Miss K took out a £1,000 loan over 12 months from Salad Money on 12 October 2021. The monthly repayments were £112.58 and the total repayable was £1,347.48.

Miss K says she should not have been given the loan, she already had lots of other debts and this has caused significant stress. Salad Money says it used open banking to assess the affordability of the loan and there was no information to suggest it wasn't affordable.

Our investigator did not uphold Miss K's complaint. She said Salad Finance's checks were proportionate and there was nothing to suggest the loan was unaffordable for Miss K.

Miss K disagreed with this assessment and asked for an ombudsman's review. She said she wanted to ensure it was clear her complaint included the fact Salad Finance only defaulted her account on the day she complaint to it about irresponsible lending – she feels the two are linked.

## **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 considering unaffordable and irresponsible lending complaints on our website including the key relevant rules, guidance and good industry practice. I've had this approach in mind when considering Miss K's complaint.

Salad Money needed to take reasonable and proportionate steps to ensure that it didn't lend to Miss K irresponsibly. This means it should've carried out reasonable and proportionate checks to satisfy itself that Miss K could repay the loan in a sustainable way. These checks could take into account a number of things such as the loan amount, the repayment amount and Miss K's income and expenditure.

This means to decide this complaint I need to consider if Salad Money's checks were proportionate; if so, did it make a fair lending decision; if not, what would proportionate checks most likely have shown; and finally, did Salad Money act unfairly towards Miss K in some other way.

I've looked at the checks Salad Money carried out. It used open banking to obtain three months' data on Miss K's actual financial circumstances. It reviewed Miss K's incomings and outgoings, including what she was spending on her existing credit commitments. It checked there was no evidence of financial vulnerability such as frequent gambling or lots of cash withdrawals. It also checked that she had no CCJs (county court judgments), a DMP (debt management plan) or records of bankruptcy. Based on these checks combined Salad Finance concluded the loan was affordable for Miss K.

I think these checks were proportionate given the value, cost and term of the loan. And I find that Salad Money made a fair lending decision based on the results. The open banking analysis showed Miss K had enough disposable income to afford the loan on a pounds and pence basis. And it did not show she was overly indebted. She was spending around 20% of her income on credit at the time, and giving this loan increased that to around 26%. The checks showed none of the typical signs of financial difficulties such as use of payday loans, persistent reliance on an overdraft facility or multiple returned direct debits. In the round I think Salad Money acted responsibly.

It follows I do not think Salad Money was wrong to lend to Miss K.

*Did Salad Money act unfairly towards Miss K in some other way?*

Miss K suggested that the lender only defaulted her account when she complained on 8 September 2022. But I can find no evidence to support this claim. She was sent a Notice of Default on 9 September 2022, but she had been sent a Notice of Sums in Arrears on 8 August 2022 which evidences the process started prior to her complaint. I am satisfied one action did not trigger the other. And Salad Money was entitled to default the account given the level of arrears.

### **My final decision**

I am not upholding Miss K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 15 November 2023.

Rebecca Connelley  
**Ombudsman**