

## The complaint

Miss C complains that Progressive Money Limited ('Progressive') irresponsibly gave her a loan that she couldn't afford in August 2017.

## What happened

In 2017, Miss C applied for a loan with Progressive. The loan amount was £5,000, the term was 48 months and the monthly repayment was £243.99.

In 2022, Miss C complained to Progressive to say that the account shouldn't have been opened because it wasn't affordable and that Progressive ought to have made a better effort to understand her financial circumstances before giving her credit.

Our investigator recommended the complaint be upheld. Progressive didn't agree. So, the complaint was passed to me to decide.

I issued my provisional decision in respect of this complaint on 9 November 2023, a section of which is included below, and forms part of, this decision. In my provisional decision I set out the reasons why, it was my intention not to uphold Miss C's complaint. I set out an extract below:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".*

*Progressive will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.*

*Miss C's complaint is that Progressive made credit available that was unaffordable. Progressive has explained that it relied in part on information that Miss C provided at the time of application to assess affordability. They said they carried out a credit search in Miss C's name to assess Miss C's level of debt at that time and to understand how she had been managing that debt. And I have listened to the telephone calls during which this was discussed with Miss C along with a verbal income and expenditure exercise. With that information and using their own scoring metric, and after discussions with Miss C, Progressive decided to agree to the credit limit of £5,000. So, there was some assessment of affordability at the time of the sale.*

*Progressive thinks its checks were proportionate. Our investigator thought so too, as do I. But, I'm not persuaded that the lending was irresponsible. I'll explain why I say that.*

*I have noted that Miss C's credit file was not entirely clean at the time of the loan application. When I say this, I mean that Miss C's management of her existing credit was not devoid of any recent adverse marking. Indeed, this was discussed with Miss C at the time of the lending decision. But I've noted that Miss C's credit report showed no recent history of CCJ's or defaults. I do not think that the credit position was such that Progressive should have avoided any further lending to Miss C.*

*Whilst Miss C income was modest, so was her committed expenditure, which was discussed in some detail. And the credit was not immodest compared to that income. And so, I'm not persuaded that Progressive had sufficient reason not to lend money to Miss C or that the new borrowing was sufficient to be automatically unreasonable.*

*In saying that I have also had consideration for the purpose of the loan. The purpose of the loan was almost entirely for debt consolidation with a small amount available to help Miss C travel to see her son. So, I don't see the loan as evidence solely of new credit being provided by Progressive, adding to an already large amount of personal borrowing. Instead, rather than the new credit adding to Miss C's burden of credit, in terms of total debt and the monthly cost of servicing that debt, it looks like Miss C was taking steps, that could be termed sensible, to manage her existing debt by taking out this loan and using it to pay off other debts that were presumably on less favourable terms.*

*The cost of the new borrowing was no more expensive than the cost of servicing the previous borrowings and the income and expenditure exercise showed a new disposable income that was significant. And as the debts that were repaid were credit card and catalogue debts, the loan also provided a repayment mechanism for debts that otherwise had no committed repayment plan. So, having considered all the details of this complaint, it doesn't seem automatically unreasonable for Progressive to have facilitated all of that.*

*Having considered all the submissions in this case, particularly those at the time of the lending decision, I have not found sufficient evidence to uphold this complaint. I have seen insufficient evidence to think that the credit Progressive are responsible for was unreasonable."*

I asked the parties to the complaint to let me have any further representations that they wished me to consider by 23 November 2023. Progressive responded acknowledging receipt of my provisional decision and accepting my provisional findings. Miss C's representative has acknowledged receipt of the provisional decision and has made a further submission challenging the provisional findings.

I am grateful to both parties for responding so quickly to the provisional findings. As both parties have responded to the provisional decision, I am proceeding to my final 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.

Miss C's representatives repeated things that were presented during the course of the complaint, and which I considered before issuing my provisional findings. In particular, they have drawn my attention again to the credit report and have itemised some instances when Miss C's credit history showed adverse signs. I had considered Miss C's credit report fully before issuing my provisional decision and I refer to it in that document. But the adverse markings Miss C's representatives wish me to place more weight on happened *after* the lending decision to provide the debt consolidation loan had been made.

I cannot use hindsight in reaching my determinations. I must consider the circumstances that pertained at the time the lending was agreed. And this loan was an attempt to bring some order to Miss C's finances as the majority of the borrowing was for debt consolidation. Miss C's representatives have had nothing to say about this aspect of the borrowing.

So, having looked again at all the submissions made in this complaint, including Miss C's representatives' latest submission, I have still seen insufficient reason to uphold the complaint.

As neither party has provided any new information or argument for me to consider following my provisional decision, I have no reason to depart from those findings. And as I've already set out my full reasons (above) for not upholding Miss C's complaint, I have nothing further to add.

### **My final decision**

For the reasons set out, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 11 December 2023.

Douglas Sayers  
**Ombudsman**