

## **The complaint**

Miss P complains that Omni Capital Retail Finance Limited (“Omni”) irresponsibly gave her a personal loan she couldn’t afford. For simplicity, I will refer to the business throughout as ‘Omni’.

## **What happened**

In June 2018 Miss P applied for a loan with Omni. She was given an interest free loan of £2,900 towards services that cost a total of £3,400. The loan was repayable by way of one monthly instalment of £241,74 followed by 11 monthly repayments of £241.66.

Miss P got into difficulty with meeting the monthly repayments a few months after taking out the loan. She told Omni that this was due to an unexpected change in her employment circumstances.

Miss P has now complained to Omni to say that the account shouldn’t have been opened for her because it wasn’t affordable.

Our investigator recommended the complaint not be upheld. Miss P didn’t agree. So, the complaint has been passed to me to decide.

## **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.

Omni 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.

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”.

Miss P’s complaint is that Omni made credit available that was unaffordable. Omni has explained that it carried out some checks to determine the amount of credit it was able to offer at the time of the lending. And it relied on information provided by Miss P in support of her application as well as checking her credit history. Her recent credit history was good with no adverse markings on her credit file such as defaults or county court judgments.

It’s possible that Omni failed to make adequate checks before providing Miss P with credit. But even if that’s true, I don’t think better enquiries would have caused Omni to think the initial credit was unaffordable. I will explain why.

Miss P told Omni at the point of sale that she was working and in receipt of monthly income, giving details of her salary. She also said she was living at home and not paying rent – although I assume she was in any event contributing towards household costs. Omni looked into Miss P's credit history to see if she had any other credit commitments. It saw she had a bank account, was using credit cards and a mail order account and had also previously taken out a personal loan. It also saw that her past history of making utility payments didn't show any issues of concern. She was also paying for the car insurance and running a car. Omni therefore went ahead with the decision to lend as, based on what it had seen, the loan was likely to be affordable for Miss P and she would be able to fund the repayments out of her income and be able to do so in a sustainable way.

Given the amount and relatively short length of the loan, plus that the checks it carried out didn't give rise to concerns about Miss P's financial situation, I think Omni's checks were reasonable and proportionate. Overall, I can see that at that point Miss P seemed to be managing her existing finances well. The loan was therefore likely to be affordable with Miss P being able to meet the monthly repayments whilst still managing to pay her existing credit and living costs.

I've not seen any other evidence or information to show or suggest that at the point of granting the loan there was a risk that Miss P might be getting into financial difficulty.

I've also noted that when Miss P first contacted Omni, having had problems with meeting payments in late 2018, Omni said it would put the account on a 30-day hold and check in with Miss P to see how things are going after that. At that time Miss P didn't suggest that the loan ought not to have been granted to her. I've also noted that Omni has refunded two late payment charges.

So, as things stand, I don't think that based on what it found before approving the loan, that Omni was acting unfairly in granting the full amount Miss P had applied for.

It follows that, having considered all the details that have been provided about Miss P's income and expenditure in this complaint, I've seen insufficient evidence that this loan represented unaffordable lending at the time it was provided.

I know that Miss P will be disappointed with my decision and I am sorry to learn of the difficult personal circumstances she was going through. But there isn't enough evidence or information from what I've seen to show or suggest that the loan was unaffordable or that Omni ought to have done more to assist her.

It follows that I have not found sufficient evidence to uphold this complaint.

### **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 P to accept or reject my decision before 22 April 2024.

Michael Goldberg  
**Ombudsman**