

The complaint

Mr C complains that Oplo PL Ltd lent irresponsibly when it approved his loan application.

What happened

On 12 October 2018 Mr C applied for a loan of £11,052 with Oplo. Mr C said he had housing costs of £525 a month and completed an income and expenditure assessment with Oplo. A copy of Mr C's payslip from September 2018 was supplied that verified his net monthly income was £2,129.21. Oplo carried out a credit search and found Mr C owed around £15,400 in unsecured debt to other lenders. Oplo says it factored Mr C's ongoing cost to cover his regular outgoings and credit commitments each month and found he had sufficient surplus income to afford a loan repayment of £269.84. The loan was approved by Oplo.

Mr C has maintained his monthly payments with no arrears. Last year, Mr C's representatives complained on his behalf to Oplo and it issued a final response. Oplo didn't agree it had lent irresponsibly and didn't uphold Mr C's complaint.

Mr C's representatives referred his complaint to this service and it was passed to an investigator. They thought Oplo had carried out proportionate checks before deciding whether to approve Mr C's application and didn't uphold his complaint. Mr C's representatives asked to appeal and said his credit file showed he'd missed three payments and opened two new accounts in the six months before he made the Oplo loan application in addition to nine other open credit accounts. Mr C's representatives said that if proportionate checks had been completed, Oplo wouldn't have lent. As Mr C's representatives asked to appeal, 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.

Before agreeing to lend, the rules say Oplo had to complete reasonable and proportionate checks to ensure Mr C could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstance by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

In this case, Oplo obtained a completed application from Mr C that gave his housing costs and completed a detailed income and expenditure assessment. In addition, Oplo obtained a copy of Mr C's most recent payslip to verify the income figure he provided. So I'm satisfied Oplo was working with an accurate income figure for Mr C and took his regular outgoings into account. Oplo also carried out a credit check and looked at what Mr C owed to other lenders.

Mr C's representatives have pointed out that Mr C had various accounts with other lenders. But I can see Oplo found what Mr C owed when it completed the credit search and factored the cost of servicing his existing debt into its lending assessment. So whilst I note what Mr C's representatives have said about the information found on Mr C's credit file, I'm satisfied Oplo took that into consideration.

In response to the investigator, Mr C's representatives said he'd missed three payments in the six months before his application to Oplo was made. But when I looked at Mr C's credit file I was only able to find two missed payment in the preceding six months, although there were others that were somewhat older. I appreciate there were some missed payments and new accounts showing on Mr C's credit file. But I'm satisfied they were factored into the lending assessment and haven't been persuaded they were sufficient to cause Oplo to decline Mr C's application.

I'm very sorry to disappoint Mr C but I'm satisfied that by asking him to complete an application form, carrying out a detailed income and expenditure assessment, getting evidence of his income and reviewing the information on his credit file were reasonable and proportionate checks. I haven't been persuaded that Oplo ought to have done more or that, based on the information it had available, it lent irresponsibly. As a result, I haven't been persuaded to uphold Mr C's complaint about Oplo.

My final decision

My decision is that I don't uphold Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 29 February 2024.

Marco Manente
Ombudsman