

The complaint

Miss B complains FUND OURSELVES LIMITED trading as Fund Ourselves (“Fund Ourselves”) gave her loans which she couldn’t afford to repay.

What happened

A summary of Miss B’s borrowing can be found in the table below.

loan number	loan amount	agreement date	repayment date	number of monthly instalments	highest repayment per loan
1	£100.00	11/03/2023	21/03/2023	4	£45.40
2	£1,000.00	29/03/2023	outstanding	5	£400.00

Miss B has had some problems repaying her final loan and Fund Ourselves says this is currently being repaid through a repayment plan.

Following Miss B’s complaint, Fund Ourselves wrote to her to explain why it wasn’t going to uphold it. Unhappy with this response, Miss B referred the complaint to the Financial Ombudsman.

The case was then considered by an investigator, and she didn’t think Miss B’s complaint about either loan should be upheld because proportionate checks were carried out. These checks also showed that the loan repayments were likely to be affordable for her.

Miss B didn’t agree with this outcome and instead asked for a final decision. As no agreement has been reached, the case has been passed to me to issue 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 this type of lending - including all the relevant rules, guidance and good industry practice - on our website.

Fund Ourselves had to assess the lending to check if Miss B could afford to pay back the amounts she’d borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. Fund Ourselves’ checks could’ve taken into account a number of different things, such as how much was being lent, the size of the repayments, and Miss B’s income and expenditure.

With this in mind, I think in the early stages of a lending relationship, less thorough checks might have been proportionate. But certain factors might suggest Fund Ourselves should have done more to establish that any lending was sustainable for Miss B. These factors include:

- Miss B having a low income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- The amounts to be repaid being especially high (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- Miss B having a large number of loans and/or having these loans over a long period of time (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable);
- Miss B coming back for loans shortly after previous borrowing had been repaid (also suggestive of the borrowing becoming unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable for Miss B. As there were only two loans the investigator didn't think this applied to Miss B's complaint and I agree.

Fund Ourselves was required to establish whether Miss B could *sustainably* repay the loans – not just whether she technically had enough money to make her repayments. Having enough money to make the repayments could of course be an indicator that Miss B was able to repay her loans sustainably. But it doesn't automatically follow that this is the case.

I've considered all the arguments, evidence and information provided in this context, and thought about what this means for Miss B's complaint.

As part of her applications, Miss B declared a full-time monthly income of £2,900. Fund Ourselves says that it checked the accuracy of Miss B's income through a credit reference agency tool, and the result it was given indicated the declared income was likely to be accurate.

Miss B also declared monthly outgoings of £1,592 to cover several different items including, food, other credit commitments, rent and utilities.

Fund Ourselves believed, based on the information Miss B provided, that she had enough disposable income to be able to afford her largest monthly repayments of £400. As there were only two loans, I think it was reasonable of Fund Ourselves to have relied on the information Miss B had provided to it as well as the results of the credit checks that I come on to below.

Before these loans were advanced Fund Ourselves also carried out a credit search and it has provided a copy of the results it received from the credit reference agency. It is worth saying here that although Fund Ourselves carried out a credit search there isn't a regulatory requirement to do one, let alone one to a specific standard.

The credit check results showed some historic adverse data such as a default that was recorded around 18 months before the loans were approved. In my view this is too far removed from the loan start date to suggest that Fund Ourselves needed to have looked into this further. There was also some recently missed payments on other credit accounts, but those accounts had been brought back up to date fairly quickly – so again, I don't think Fund Ourselves was wrong to have advanced these loans given what it saw in the credit check results.

There was also information that suggested Miss B's monthly credit commitments were greater than the £183 she had declared to Fund Ourselves. She already had three loans outstanding costing her around £670 per month and on top of this she had credit cards to service. But even taking account of the credit commitments Fund Ourselves could see

Miss B still had just about had sufficient disposable income to potentially afford the repayment for these loans.

Taking everything into account, I do not uphold Miss B's complaint about Fund Ourselves' decision to lend these loans. An outstanding balance appears to remain due and I would remind Fund Ourselves of its obligation to treat Miss B fairly and with forbearance.

My final decision

For the reasons I've explained above, I'm not upholding Miss B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 6 March 2024.

Robert Walker
Ombudsman