

Complaint

Mr C has complained about a personal loan Chetwood Financial Limited (trading as “Live Lend”) provided to him. He says he shouldn’t have been given the loan as he applied for it at a time when he was struggling and couldn’t afford the repayments.

Background

Live Lend provided Mr C with a loan for £3,000.00 in October 2022. This loan had an APR of 25.6% and the total amount to be repaid of £5,075.51, which included interest fees and charges of £2,075.51, was due to be repaid in 59 monthly instalments of £84.59 and a final instalment £84.70.

One of our investigators reviewed what Mr C and Live Lend had told us. He thought that Live Lend hadn’t treated Mr C unfairly and so didn’t recommend that the complaint be upheld.

Mr C disagreed and asked for an ombudsman to review complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr C’s complaint.

Live Lend needed to make sure that it didn’t lend irresponsibly. In practice, what this means is Live Lend needed to carry out proportionate checks to be able to understand whether Mr C could afford to repay before providing this loan.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Live Lend says it agreed to Mr C’s application after he provided details of his monthly income and some information on his expenditure. It says it cross-checked this against information on a credit search it carried out. The credit checks showed Mr C had some existing debts in the form of credit cards and loans. But this wasn’t excessive in comparison to his declaration of income which had been cross checked against information provided by credit reference agencies on the amount of funds going into his account each month.

In Live Lend's view all of the information it gathered showed that Mr C could afford to make the repayments he was committing to.

On the other hand, Mr C has said he couldn't afford this loan.

I've carefully thought about what Mr C and Live Lend have said.

The first thing for me to say is that Live Lend has provided the details of its credit searches. Live Lend having carried out credit checks shows that it didn't simply rely on what Mr C said and that it took some steps to check at least some of the information he provided in his application.

Live Lend searches, at least, appear to show that Mr C's existing commitments were reasonably maintained. Crucially, according to the credit searches, Mr C's debt total at the time of the applications was also reasonable in comparison to his income. Mr C was going to use these funds to consolidate some of his existing debts and could have repaid what he already owed on his overdraft at a much lower rate of interest. And given the low amount of the monthly repayment here, there isn't anything else obvious in the information gathered which leads me to think that further checks would have been reasonable and proportionate.

I accept that Mr C's actual circumstances may not have been fully reflected either in the information he provided, or the information Live Lend obtained. For example, I have taken a look at Mr C's bank statements and can see that the activity in this account was not reflective of what was showing on the credit file.

I'm sorry to learn that Mr C has had difficulty making his payments. But given this was a first loan, the funds going into Mr C's account didn't contradict his declared income or what was on the credit search, I don't think that a complete review of Mr C's finances, which would effectively had to have happened for Live Lend to have had this level of information, would have been proportionate.

Equally, it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. Given the circumstances here, and the lack of obvious inconsistencies, I don't think that reasonable and proportionate checks would have extended into the level of checks Mr C is suggesting.

As this is the case, I don't think that Live Lend did anything wrong when deciding to lend to Mr C - it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable.

So overall and having considered everything, I don't think that Live Lend treated Mr C unfairly or unreasonably when providing him with his loan. And I'm not upholding Mr C's complaint. I appreciate this is likely to be very disappointing for Mr C. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding 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 2 April 2024.

Jeshen Narayanan

Ombudsman