

The complaint

Mr V complains that Savvy Loan Products Limited, trading as Tick Tock Loans ("Savvy"), lent to him irresponsibly.

What happened

Mr V took one loan with Savvy on 5 May 2023 for £500, repayable at £162.61 over six monthly instalments.

Mr V repaid it on 30 November 2023 and complained to Savvy on 4 December 2023. It issued its final response letter (FRL) on 24 January 2024. It did not uphold Mr V's complaint but had made an offer to Mr V. Mr V referred his complaint to the Financial Ombudsman Service on 24 January 2024.

We have been told by both parties that the original FRL offer of £10 plus removal of the loan from Mr V's credit file was negotiated up to £70. Mr V accepted this offer on 25 January 2024, was paid to him. However, on 29 January 2024 Mr V told Savvy he'd changed his mind. He repaid the £70 to Savvy on 1 February 2024.

One of our investigators considered the complaint and wrote to both parties giving reasons why she did not think that Savvy had done anything wrong approving the loan. Mr V disagreed and sent to us copy bank account statements for one of his accounts for the period leading up to May 2023. He's made reference to a different complaint he has had against a different lender which had been referred to us and upheld by the investigator. He expected that this outcome would have been the same. The unresolved complaint was passed to me to decide.

Having reviewed the complaint details, I asked for more details about the agreement between the parties surrounding the payment of £70 to Mr V and the refund. I have the option to dismiss a complaint in certain circumstances if it's been resolved outside of the Ombudsman Service. So, I wanted to check this. As both parties are satisfied that this complaint is unresolved following the refund to Savvy and it seems appropriate to continue.

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.

Savvy had to assess the lending to check if Mr V could afford to pay back the amount he'd borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. Savvy's checks could've taken into account a number of different things, such as how much was being lent, the size of the repayments, and Mr V's income and expenditure.

I think in the initial stages of a lending relationship, less thorough checks might have been proportionate. But certain factors might suggest Savvy should have done more to establish that any lending was sustainable for Mr V. These factors include:

- Mr V 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);
- Mr V 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);
- Mr V coming back for loans shortly after previous borrowing had been repaid (also suggestive of the borrowing becoming unsustainable).

My view is that none of these bullet points applied to Mr V's situation as he had declared an income of around £3,500 (verified by Savvy as £3,498) a month after tax and the repayments were low considering this income figure. Plus, this was a first loan for a modest sum over a modest term.

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable for Mr V. But a pattern would not have developed here as Mr V took one loan only.

Savvy was required to establish whether Mr V could *sustainably* repay the loan – not just whether he technically had enough money to make his repayments. Having enough money to make the repayments could of course be an indicator that Mr V was able to repay his loan 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 Mr V's complaint. I've decided not to uphold his complaint and I explain here.

Savvy carried out proportionate checks as it verified Mr V's income and checked his credit file which I have reviewed. The income and expenditure assessment Savvy carried out indicated that Mr V had enough disposable income to repay just under £163 a month and so the loan looked to have been affordable.

From the CRA search I note that Mr V was overdrawn and had seven low value credit cards. But his overall debt was not high at around £5,300 and the one loan that had been in arrears was left with a small balance on it (£64) and so was due to have been repaid that month.

Mr V's view is that the information on the CRA were all '*red flags*' and ought to have led to the loan being refused. But as our investigator has explained, I consider that Savvy did the right things before lending. This was a low-value first loan over a short term. This is the context within which I review Savvy's actions and Savvy is a lender used to receiving applications from individuals with some adverse information on their credit files. These are not necessarily reasons to refuse the loan application.

The CRA did not show any elements to prompt Savvy to be unduly concerned. There was nothing there to indicate that Mr V was in financial difficulties or had any insolvency issues or a County Court Judgment.

The adverse entry (one default dating back to April 2022 – satisfied in November 2022) related to an account before Mr V applied for this one loan, and as I have said earlier in this

decision, a lender such as Savvy would have been used to lending to customers with some adverse credit history.

I would not have expected Savvy to have asked for any further details from Mr V before lending – such as copies of bills or rental agreements and the like. Nor would I have expected it to have asked for and looked at copy bank account statements before lending. This would have been a disproportionate approach by Savvy and so I do not consider review of statements relevant. I realise our investigator explained this to Mr V and he felt strongly enough about this point to send them in regardless.

Cancelling the contract

Mr V has recently referred to him having tried to ‘cancel’ the contract with Savvy. I’ve seen no evidence of that. The usual contractual term is ‘withdrawal’. If Mr V had withdrawn from the agreement within 14 days and had repaid the loan within the regulatory proscribed time (usually 30 days) then little interest would have been charged. But, I can’t make any finding on a part of the complaint about which I have absolutely no evidence. Its academic in any event as Mr V did not withdraw and repaid the loan in November 2023.

Other case

Mr V has made many comments surrounding another case held with us. He has sent to us the uphold view from that other investigator and I’ve seen that the two loans to which that complaint related post-dated this Savvy May 2023 loan, thereby irrelevant to this complaint.

Added to which all complaint cases are reviewed individually and within their own circumstances. We do not work on precedent such that because one complaint has been upheld it therefore follows that all a consumer’s cases ought to be upheld.

I do not uphold Mr V’s complaint.

My final decision

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr V to accept or reject my decision before 22 May 2024.

Rachael Williams
Ombudsman