

## **Complaint**

Mr B has complained about a loan Oakbrook Finance Limited (trading as “Finio Loans”) provided to him. He says the loan was unaffordable given his circumstances at the time and so shouldn’t have been provided.

## **Background**

Finio Loans provided Mr B with a loan for £1,000.00 in May 2023. This loan was due to be repaid in 18 monthly instalments of £82.22. One of our investigators reviewed what Mr B and Finio Loans had told us. And she didn’t recommend that Mr B’s complaint be upheld. Mr B disagreed and asked for an ombudsman to look at his 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 B’s complaint.

Having carefully considered everything, I’ve decided not to uphold Mr B’s complaint. I’ll explain why in a little more detail.

Finio Loans needed to make sure that it didn’t lend irresponsibly. In practice, what this means is Finio Loans needed to carry out proportionate checks to be able to understand whether Mr B 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.

Finio Loans says it agreed to Mr B’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 and all of this information showed Mr B could afford to make the repayments he was committing to. On the other hand, Mr B has said he was in financial difficulty.

I’ve carefully thought about what Mr B and Finio Loans have said.

The first thing for me to say is that Finio Loans didn't just simply accept what Mr B had told it. It cross-checked Mr B's declaration of income against information on the funds going into his account each month, which it obtained from credit reference agencies.

Finio Loans has also said it carried out credit searches which showed that Mr B's unsecured credit commitments weren't excessive and what he did have at the time was relatively well maintained. For example, while there were defaulted accounts these were historic in that they occurred more than three years prior to this application. Equally, the credit searches show that Mr B hadn't suffered any significant difficulties and wasn't overly indebted in the period leading up to this application either.

I accept that Mr B appears to be suggesting that his actual circumstances may not have been fully reflected either in the information he provided, or the information Finio Loans obtained. I've noted what he's said about being a compulsive gambler. I'm sorry to hear about what Mr B has told us. But it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong.

I've not seen anything to indicate that Finio Loans knew about Mr B's gambling at the time it decided to lend to him and I can't say that it ought to have been aware of the likelihood of this given what the information it did obtain showed either. Given the amount of the monthly payments and the lack of obvious indicators of recent difficulty in the information Finio Loans did obtain, I don't think that reasonable and proportionate checks would have extended into requesting copies of Mr B's bank statements.

At best, even if I were to accept that further checks were necessary, which I'm not necessarily persuaded is the case here, any such checks would only have gone as far as finding out more about Mr B's regular living costs. And as I don't think that obtaining bank statements was the only way that Finio Loans could have found out about Mr B's living costs, I can't reasonably say that further checks, which in themselves appear to be unnecessary here, would have shown that Mr B was a compulsive gambler.

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

I now turn to Mr B's comments regarding receiving communications after he settled his loan early. I accept that Finio Loans did send Mr B correspondence after he settled his loan and after he requested no further correspondence. However, the correspondence Mr B was sent were communications which Finio Loans was required to send to him as part of its obligations. So while I realise that Mr B may be unhappy with this, I don't think that Finio Loans acting to ensure it met its obligations was in itself unreasonable.

Furthermore, Finio Loans took steps to mitigate the effect of it meeting its legal obligations by notifying Mr B that this information would be sent to him in advance of it being sent. So I'm satisfied that Finio Loans took reasonable steps to ensure that it didn't cause unnecessary distress in order for it to meet obligations that it was required to meet and I'm not upholding Mr B's complaint on this basis either.

For the sake of completeness, I would add that if Mr B believes that Finio Loans failed to adhere to a request in relation to the handling of his personal information, this is a matter that he will need to take up with the Information Commissioner's Office.

Overall and having considered everything, I don't think that Finio Loans treated Mr B unfairly or unreasonably either when providing him with his loan, or in its actions afterwards. And I'm not upholding Mr B's complaint. I appreciate this will be very disappointing for Mr B. 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 B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 10 May 2024.

Jeshen Narayanan  
**Ombudsman**