

The complaint

Mr L complains that OAKBROOK FINANCE LIMITED trading as Likely Loans ('Oakbrook') irresponsibly gave him two loans that he couldn't afford.

What happened

Mr L took out the first loan with Oakbrook on 7 May 2019. The loan was for £1,000, the term was 12 months and the monthly cost was £112.94.

Mr L took out the second loan with Oakbrook on 1 April 2022. The loan was for £5,000, the term was 30 months and the monthly cost was £249.85.

In 2023, Mr L complained to Oakbrook to say that the loans shouldn't have been opened for him because they weren't affordable and that Oakbrook ought to have made a better effort to understand his financial circumstances before providing him with credit. Oakbrook declined to uphold the complaint. And Mr L brought his complaint to this service.

Our investigator thought the complaint should not be upheld. Mr L didn't agree. So, the complaint was passed to me to decide.

I issued my provisional decision in respect of this complaint on 22 March 2024, a section of which is included below, and forms part of, this decision. In my provisional decision, I set out the reasons why it was my intention not to uphold Mr L's complaint. I set out an extract below:

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

I've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

Oakbrook will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Mr L's complaint is that Oakbrook made credit available that was unaffordable. To assess the affordability of these loans I have had to rely on the information provided by Oakbrook from the point of each lending decision. I have been provided with no testimony or evidence that calls their records into question. If Mr L feels that what follows is inaccurate in any way, I would encourage him to provide a copy of his credit report and copies of his bank statements for his main bank account for the three months prior to each lending decision.

Having considered the evidence that has been provided, I currently think that neither lending decision seems unreasonable. I'll explain why I say that.

Oakbrook has explained that it carried out a credit search in Mr L's name to assess Mr L's level of debt at the time of each loan and to understand how he had been managing that debt. Oakbrook also explained that they acquired some income information and that Mr L completed an income and expenditure assessment before making their lending decisions. That seems like proportionate checks for loan amounts that were reasonably modest, in themselves and in relation to Mr L's income and overall indebtedness.

With that information and using their own scoring metric, Oakbrook decided to agree to the loans. Mr L had declared an income that was not modest compared to the amount of each loan he applied for. Both the income and expenditure exercises that took place before each loan was agreed and the income Mr L declared each time suggested that the new borrowing was affordable.

The Oakbrook checks showed that Mr L had little or no other borrowings at the time of each loan, and that Mr L's credit file was largely clean at the time of each loan application. When I say this, I mean that Mr L's management of his existing credit showed no recent history of CCJ's, defaults or bankruptcies. So, it would have seemed to Oakbrook from the information they had from credit reference agencies that, at the point that the lending decisions were made, Mr L was affording his existing credit. And so, Oakbrook were not put on notice of any reason not to agree either piece of lending from that. And so, I don't think that the information that Oakbrook had at the time of the lending decisions, would have led them to feel they ought to make more searching enquiries of Mr L's financial position before they lent money to Mr L.

I cannot use hindsight in deciding complaints about unaffordable lending. If financial difficulty happened later, after the loans were given, that does not mean that the lender failed at the time they made their lending decisions. And having considered all the submissions made in this case, and in the absence of any extra evidence from Mr L to the contrary, I have seen insufficient evidence to think that more thorough affordability checks would have led Oakbrook to think that the credit it provided Mr L was unreasonable, or that more searching checks would have prompted them to have acted differently than they did.

Having considered all the submissions in this case, particularly those at the time of the lending decisions, I have not found sufficient evidence to uphold this complaint. I have seen insufficient evidence to think that the credit Oakbrook are responsible for was unreasonable."

I asked the parties to the complaint to let me have any further representations that they wished me to consider by 5 April 2024. Neither party has acknowledged the provisional decision, made a further submission or asked for an extension to do so.

I think that both parties have had time sufficient to have made a further submission had they wished to do so. So, I am proceeding to my final 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.

So, as neither party has provided any new information or argument for me to consider following my provisional decision, I have no reason to depart from those findings. And as I've

already set out my full reasons (above) for not upholding Mr L's complaint, I have nothing further to add.

So, having looked again at all the submissions made in this complaint, I have still seen insufficient reason to uphold the complaint.

My final decision

For the reasons set out, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 6 May 2024.

Douglas Sayers
Ombudsman