

The complaint

Mrs S complains that Tandem Personal Loans Ltd trading as Tandem ('Tandem') irresponsibly gave her two loans that she couldn't afford.

What happened

On 22 June 2021, Mrs S applied for a loan with Tandem. Before interest, the loan amount was £5,000, the term was 48 months and the monthly repayment was £163.65.

On 3 August 2022, Mrs S applied for a loan with Tandem. Before interest, the loan amount was £5,000, the term was 60 months and the monthly repayment was £149.26.

In 2023, Mrs S complained to Tandem to say that the loans shouldn't have been given because they were not affordable and that Tandem ought to have made a better effort to understand her financial circumstances before giving her credit.

Our investigator recommended the complaint be upheld. Tandem didn't agree. So, the complaint was passed to me to decide.

I issued my provisional decision in respect of this complaint on 27 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 Mrs S'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".

Tandem 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.

Mrs S's complaint is that Tandem made credit available that was unaffordable. Tandem has explained that it relied in part on information that Mrs S provided at the time of application to assess affordability. They said they carried out a credit search in Mrs S's name to assess Mrs S's level of debt at that time and to understand how she had been managing that debt. And I have seen the results of that credit search and the income and expenditure exercise that was performed at that time. With that information and using their own scoring metric, and after discussions with Mrs S, Tandem decided to agree to the credit limit of each loan. So, there was some assessment of affordability at the time of the sale.

Tandem thinks their checks were proportionate. It's possible that the checks could have been more searching. But even if they had been, I do not think that Tandem would have been put off providing Mrs S with the credit. I say that because I'm not persuaded that the lending was irresponsible. I'll explain why I say that.

I have noted that Mrs S's credit file was not entirely clean at the time of the loan application. When I say this, I mean that Mrs S's management of her existing credit was not devoid of any historic adverse markings. But I've noted that the individual issues identified by the credit searches were discussed with Mrs S at the time of each loan and she explained that the issues had been caused by administrative difficulties rather than financial difficulties. And Mrs S's credit report showed no recent history of bankruptcy, IVA's or defaults. And the general management of her credit was good in the year before each lending decision. So, whilst there was some historic evidence of financial difficulty, the situation that Tandem had presented to it at the time of each loan was different. Mrs S's contemporaneous performance was improved such that the recent credit performance was largely clean.

I have noted that Mrs S already had some credit at this time. And I've noted that some of it was to be repaid by each loan. Mrs S's income was not modest in comparison to her committed expenditure, including the cost of servicing her existing credit. Thinking about these things, I'm not persuaded that Tandem had sufficient reason not to lend money to Mrs S or that the new borrowing was sufficient to be automatically unreasonable.

And so, having considered all of the above, I do not think that the credit position was such that Tandem should have avoided any further lending to Mrs S.

In saying that I have also had consideration for the purpose of the loans. The purpose of the loans was explained as debt consolidation. So, I don't see the loans as evidence solely of new credit being provided by Tandem, adding to an already large amount of personal borrowing. Instead, rather than the new credit adding to Mrs S's burden of credit, in terms of total debt and the monthly cost of servicing that debt, it looks like Mrs S was taking steps, that could be termed sensible, to manage her existing debt by taking out the loans and using them to pay off other debts, some of which were presumably on less favourable terms. So, having considered all the details of this complaint, it doesn't seem automatically unreasonable for Tandem to have facilitated all of that.

In saying all of the above, and because of it, I have placed less weight on the fact that Mrs S had an overdraft. The overdraft was an arranged overdraft and Mrs S was using it. It was not an unarranged overdraft that might have pointed to financial difficulty. But, in any event, I have thought about this in relation to all of the other information provided about Mrs S's situation at the time. In doing so I have also noted that whilst Mrs S's mortgage debt had increased a little, Mrs S's unsecured borrowings had decreased a little between the loan in 2021 and the loan in 2022.

I know that Mrs S will be disappointed with this decision, as she has put time and energy into this complaint. And because she has raised other complaints that had different outcomes. But we assess each case that comes to us on the individual details and specific circumstances of each individual complaint. And I do not wish to pretend that this complaint was straightforward; both parties have already had two assessments on this complaint with differing outcomes.

But I have considered all the submissions made in this complaint. Having done so, I have not found sufficient evidence to uphold this complaint. I have seen insufficient evidence to think that the credit Tandem 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 10 April 2024. Mrs S has responded to the provisional findings. Tandem has not acknowledged the provisional decision, made a further submission or asked for an extension to do so. I consider that Tandem has 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.

Mrs S is disappointed with my provisional findings and has pointed to a complaint this service upheld for her husband. But each complaint is assessed on the individual circumstances of each particular case.

Mrs S has reminded us of the points she raised in bringing her complaint. But Mrs S has not provided any new argument or evidence for me to consider. 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 Mrs S'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 Mrs S to accept or reject my decision before 9 May 2024.

Douglas Sayers
Ombudsman