

## **The complaint**

Miss B complains about a secured loan provided to her by Tandem Home Loans Ltd trading as Oplo. She says it was irresponsible of Oplo to provide this loan to her as she was vulnerable, and it wasn't affordable.

## **What happened**

Miss B applied for a secured loan with Oplo in early 2021. The loan was for £21,000 over a ten-year term and was to be used to repay existing unsecured debt Miss B had. Oplo says that the loan was applied for on the advice of a broker, who I'll refer to as F.

Oplo approved the loan and issued a formal offer in February 2021. The loan completed shortly after. Oplo repaid some Miss B's existing unsecured debt directly and sent the remaining balance to her to make the payments to the remaining lenders directly.

In 2023, Miss B complained about the loan. She said it shouldn't have been provided to her as she had been in a vulnerable situation at the time and had been using debt to purchase things as a coping mechanism. Miss B said that the loan payments weren't affordable, and she didn't have the available equity to borrow against given the property had been purchased under a shared ownership scheme. Miss B was also concerned with how soon the loan was taken out after her initial mortgage had completed and the term of the loan. Oplo didn't uphold the complaint. It said it had completed all the underwriting checks it should have and that the loan was considered affordable to Miss B. Oplo said there was no evidence to suggest Miss B had suffered any financial difficulty as a result of this loan.

Unhappy with this response, Miss B referred her complaint to us and one of our Investigators looked into it. He didn't think Oplo had made a mistake or that the complaint should be upheld. He thought the loan had been fairly underwritten and there was no sign it might be unaffordable to Miss B. He said that assessing the suitability of the loan would fall on F, the broker who introduced Miss B to Oplo.

Miss B didn't accept this. She maintained the loan was unaffordable. She said she was unhappy that the loan payments were only fixed for the first five years. Miss B said that whilst payments on her other debts had been maintained, she was only making minimum payments, and within a year, she'd entered into an IVA.

Our Investigator reviewed the complaint again, but he remained satisfied that the loan provided should have been affordable. Miss B asked for the complaint to be considered by an Ombudsman. She added that she didn't think the loan had been sold to her by F, and that F had simply pointed her in the direction of Oplo to apply for the loan. The complaint has now been passed to me to review and make a 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.

I've thought about everything both Miss B and Oplo have provided. I won't address each and every point Miss B has made. That's not because I haven't considered everything. It simply reflects the informal nature of our Service. Instead, I'll focus on the crux of the complaint – whether Miss B should've been provided with the secured loan by Oplo.

Miss B applied for the loan to consolidate a large portion of her unsecured debts. Oplo had a responsibility to assess whether this loan was affordable to Miss B before agreeing to it. I've seen, from the information provided by Oplo, that it did this. The assessment showed a reduction in Miss B's outgoings of around £260 following the loan being taken out and the existing debt being repaid. And it showed Miss B having disposable income, even after taking into account living expenses. Based on this, I don't think the loan should've been considered unaffordable to Miss B.

Oplo further "stress tested" Miss B's ability to maintain payments. This essentially means that it tested whether Miss B could maintain the payments if the interest rate on the loan increased. Again, even with this stress test, it showed Miss B would have a disposable income, albeit less than if rates had stayed the same.

Oplo also reviewed Miss B's credit file. Miss B has indicated she was reliant on debt and was using this as a coping mechanism. However, having reviewed Miss B's credit file from around the time, I can't see that there should've been any obvious red flags to Oplo. The credit file had a number of debts that had been taken out around three or four years before the application for the secured loan with Oplo. Only one new application had recently been made. The payments on all of them had been maintained, none of these debts were at their limit, and were all decreasing at the time the loan was being taken. Given that the loan was also being taken to repay a large portion of this unsecured debt, and that it would reduce Miss B's outgoings further, I can't say that there was anything on the credit file that meant Oplo shouldn't have agreed to the loan.

Miss B has provided a copy of her credit card statement from 2022. Whilst this does show a worsening picture, this is using the benefit of hindsight. I don't think Oplo could've foreseen this when making its decision whether to lend or not. What I am able to consider is Miss B's credit file from the time she took the loan. And I've explained above why I don't think anything on there at the time would've alerted Oplo to any issues Miss B may've been having.

Miss B has also provided a copy of her bank statements from the time she took the loan. She says Oplo should've requested these but didn't. Oplo was required to make enquires that would satisfy it that this loan was affordable. I can see that an income and expenditure assessment was completed, and payslips provided to confirm Miss B's salary. I think this was proportionate given the amount being borrowed and the fact that this was ultimately intended to reduce Miss B's outgoings. Furthermore, having reviewed the bank statements provided to us by Miss B, I've not seen anything in there that would've suggested the loan wasn't affordable to Miss B even if Oplo had requested them.

I'm aware Miss B has told us that she used spending as a coping mechanism. And I am sorry to hear about what she's been through. However, I can't see that any of this information provided to Oplo at the time would've made it aware of this so that it could factor this into its lending decision.

Miss B isn't happy about the fact that this loan took her over 100% of the share of the property she owned. I've thought about this. However, this in itself isn't a reason to decline a loan. The risk from this falls on Oplo as the lender, and this is a decision it was entitled to make.

I've considered the fact that the loan was taken very soon after the mortgage being taken out. However, this doesn't mean that the lending was irresponsible. Most first charge lenders would only lend up to a certain loan to value. Second charge lenders will often offer more. Given that it appeared Miss B was looking to reduce her outgoings and repay existing debt, I don't think that it should've seemed particularly unusual to Oplo that she was applying so soon after taking out her mortgage. Nor does this mean Oplo shouldn't have lent to her.

Miss B has raised concerns about the fact that not all secured loans were repaid directly by Oplo. I can see that Oplo did directly repay a number of Miss B's debts. However, I'm satisfied that the documentation provided to Miss B made it clear that the remaining funds were to be sent to Miss B, and it was her responsibility to ensure those debts were repaid. I don't know if Miss B did repay those debts or not. But I can't hold Oplo responsible if she didn't.

Our Investigator explained that the suitability of securing the existing debts, and the product and interest rate Miss B applied for were the responsibility of F as it provided advice and a recommendation to her. Miss B disputes this and says all her dealings were directly with Oplo. I've reviewed both the application submitted, and the loan offer document. Both of these confirm that F was providing financial advice to Miss B on the suitability of the loan. Whilst Miss B may not see this as the case given what she remembers, I must place significant weight on this evidence as it's from the time of the sale.

On balance, I think it's most likely that F did provide Miss F with advice, meaning the suitability of taking this loan, whether to secure previously unsecured debt or not, and the setup of the loan, such as the interest rate and term, would all be the responsibility of F. If Miss B wishes to make a complaint about this, she'd need to do so in the first instance directly to F.

For the avoidance of doubt, I'm not advising Miss B to start a complaint against F; I'm simply explaining that she can if she wishes. In doing so, I'm making no comments on the potential merits of any complaint about F, and none should be inferred.

I can't see that Miss B has ever missed a payment on this loan, nor that she's ever contacted Oplo prior to the complaint because she was in financial difficulty. Whilst I recognise Miss B feels very strongly about this matter, and I'm sorry to disappoint her, I can't say that Oplo made a mistake in offering her the secured loan.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 21 November 2024.

Rob Deadman  
**Ombudsman**