

## **The complaint**

Mr P has complained through a representative that Chetwood Financial Limited trading as Live Lend ("LiveLend") didn't conduct sufficient affordability checks before it lent to him.

## **What happened**

LiveLend advanced one loan of £1,000 on 15 November 2019 to be repaid with 47 monthly instalments of £31.12 followed by a final payment of £31.45. Mr P's credit file shows the loan was settled in March 2021.

Following Mr P's complaint LiveLend wrote to his representative and explained it wasn't going to be upholding the complaint. Unhappy with this response, Mr P's representative referred the complaint to the Financial Ombudsman.

An investigator upheld Mr P's complaint about the loan because she said LiveLend needed to have conducted further checks considering the amount advanced, the loan term as well as what LiveLend saw in the credit check results. The investigator's view was that had further checks been conducted it would've discovered Mr P had further debt, was over a credit card limit, was a regularly user of payday loans and was gambling.

LiveLend didn't agree and asked for an ombudsman's decision. It clarified that one only credit reference agency was used – and the 'high credit utilisation and missed payments' on a credit card weren't reported to that particular credit reference agency. As such, LiveLend didn't know about it.

It also said, based on the information it gathered that Mr P could afford his repayments given the small monthly repayment and it was unaware of Mr P's high credit costs and gambling transactions.

As no agreement could be reached the complaint was passed to me to me and I issued a provisional decision explaining why I wasn't going to uphold the complaint. Both parties were asked for any further submissions.

LiveLend didn't have anything further to add. Mr P's representative didn't agree with the outcome and requested a copy of the credit check results. The investigator sent Mr P's representative a copy of the information the Financial Ombudsman had received from LiveLend and what was used when assessing the complaint and loan application. After Mr P's representative received the information, no further comments were provided.

A copy of the background to the complaint and my provisional findings follows this and form part of this final decision.

## **What I said in my provisional decision:**

*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 unaffordable/irresponsible lending - including all of the relevant rules, guidance and good industry practice - on our website. I've used this approach to help me decide Mr P's complaint. Having carefully considered everything I've decided to not uphold Mr P's complaint. I'll explain why in a little more detail. LiveLend needed to make sure it didn't lend irresponsibly. In practice, what this means it needed to carry out proportionate checks to be able to understand whether Mr P could afford to repay any credit it provided.*

*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 checks to be less thorough – in terms of how much information is gathered and what is done to verify it – in the early stages of a lending relationship.*

*But we might think more needed to be done 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 firm to be able to show that it didn't continue to facilitate a customer's loans irresponsibly.*

*I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Mr P's complaint. Having looked at everything I have decided to uphold Mr P's complaint and I've explained why below.*

*Mr P, as part of the application declared he worked full time and earned £1,874 per month. LiveLend says Mr P's income figure was verified through a tool created by a credit reference agency. It was therefore satisfied that the amount declared by Mr P was likely to be accurate and it was this figure that was used for the affordability check.*

*As part of the application Mr P declared his housing costs came to £433 per month and he had other living costs of £800 per month. LiveLend carried out a credit search (which I come onto below) and it discovered monthly credit repayments of around £270. So, this amount added together with the housing and other living costs as well as the loan repayment would've left Mr P with around £340 per month disposable income. The loan did appear affordable based on LiveLend's calculations.*

*LiveLend, as part of its affordability assessment carried out a credit search and it has provided a summary of the results it received from the credit reference agency. I want to add that although LiveLend carried out a credit search there isn't a regulatory requirement to do one, let alone one to a specific standard. This can and does mean information which is given to a lender may be different to what a consumer can see by reviewing their own report. But what LiveLend needed to do was consider the results it received.*

*LiveLend says the credit check results showed that Mr P had 3 active loan accounts with a balance of just over £11,100 and the repayments to service these accounts came to £270 per month. It used this figure for its affordability assessment which I think was the correct thing to do.*

*While the investigator discovered that Mr P was using payday loans at the time and had missed payments on a credit card, that information wasn't contained within the results LiveLend received from the credit reference agency and so couldn't take that into account. There also wasn't any indication from the results that Mr P was having problems repaying his existing creditors or had any defaults or County Court Judgements.*

*However, the investigator felt further checks were needed before this loan was granted, but I disagree. LiveLend verified Mr P's income and while the loan was over a four-year term, but the credit search results and what Mr P declared indicated he'd be able to afford to repay the loan.*

*In my view, the checks were proportionate and the loan repayments were affordable. So, I'd not have expected LiveLend to have been prompted to ask for copy bank statements as I'd*

*consider that to have been disproportionate. And therefore it wouldn't have seen any transactions that may appear on those copy bank statements.*

*Therefore, I am planning not to uphold Mr P's complaint*

### **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.

As I set out in the provisional decision, there was no requirement on LiveLend to conduct a credit search let alone one to a specific standard. It has provided a summary of the results that it received – and these have been forwarded to Mr P's representative.

There results indicate that Mr P wasn't using payday loans and didn't have any active credit cards. This may not be entirely accurate because some credit providers will only report to one of the credit reference agencies and if that was different to the one used by LiveLend then it wouldn't have known about it. What LiveLend couldn't do was conduct a credit search and then ignore the results that it received.

In this case, there was no evidence as far as I can see of any payment problems or other types of insolvency and it knew that Mr P had existing monthly payments of £270 across three loan accounts, which it used for its affordability assessment. This was the correct approach to take.

Overall, there wasn't anything in the results given to LiveLend that would've prompted it to have either conducted further checks or declined Mr P's application.

So, I've reached the same conclusions I reached before, for the same reasons – LiveLend carried out a proportionate check which demonstrated the loan to be affordable. It therefore made a fair lending decision when the loan was provided, and I do not uphold Mr P's complaint.

### **My final decision**

For the reasons I've explained above and in the provisional decision, I'm not upholding Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 4 July 2024.

Robert Walker  
**Ombudsman**