

## **The complaint**

Miss F complains that Link Financial Outsourcing Limited trading as Asset Link Capital (No.9) (Link) irresponsibly lent to her.

## **What happened**

Miss F was approved for a £12,000 loan in September 2019 with a company prior to Link taking over the responsibility of the loan (but for the readability of this decision I will refer to the provider of this loan as Link). The loan was taken out while Miss F was at University. Miss F says she was told by Link that if she failed to complete her course she would be responsible for repaying the outstanding balance on the loan. Miss F says she had been asked to resubmit her thesis, but due to a family bereavement she decided to withdraw.

Miss F says Link irresponsibly lent to her as the loan was unaffordable and assumptions were made about her future earnings. She was also approved for a second loan the following year in September 2020 for £3,000. Miss F made a complaint to Link.

Link did not uphold Miss F's complaint. They said during her time in study, the repayments were smaller, and after the confirmed course end date, she had a three month grace period in which to find work, after which point the repayment on her loan increases to repay the loan over the originally agreed term. They said sufficient checks had been made and they acted fairly in providing the loans. Miss F brought her complaint to our service.

Our investigator did not uphold Miss F's complaint. She said both loans required Miss F to make a £5 in-study payment per month. She said she had reviewed a copy of her bank statements to ensure that she could afford the two payments of £5 whilst studying. Our investigator said Miss F's statements showed she received a monthly payment from the University which covered her monthly outgoings. So she couldn't see that having to find an additional £10 per month would've had a significant impact on Miss F's overall financial circumstances. Miss F asked for an ombudsman to review her complaint. She said she thought the loans were guarantor loans.

## **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.

Before agreeing to approve or increase the credit available to Miss F, Link needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Link have done and whether I'm persuaded these checks were proportionate.

*Acceptance for the initial £12,000 loan – September 2019*

I can confirm that this loan wasn't a guarantor loan. Link hasn't provided our service with the results of the checks they completed, so I can't conclude if the checks they made prior to the September 2019 loan were proportionate or not. So I've viewed the information that Miss F has forwarded us from her credit file, to see what Link would have likely seen.

Miss F's credit file shows she had active accounts at the time this loan was approved. She had opened a personal loan in May 2019, and this was settled in September 2019 – the same month the Link loan was approved. She had other personal loans, and the information shows Miss F had opened a credit card in May 2019, but this was also closed in September 2019. She had another active credit card when the loan was approved.

From the information from Miss F's credit file, it shows no missed payments, no defaults and no County Court Judgements (CCJ's). So it does appear that Miss F was managing her unsecured debt well at the time, and that Link would have no concerns about how she could manage her credit.

Due to the nature of the loan Link was approving for Miss F, she needed to pay 19 payments of £5 a month followed by £306.90 for 84 months thereafter. During Miss F's time in study the repayments were smaller, and after her confirmed course end date, Miss F would have a three month grace period in which to find work, after which point the repayment on her loan increases to repay the loan over the originally agreed term. Link said the affordability was assessed using average earnings data specific to the course or discipline that she studied.

Based on the figures Link sent us, I'm satisfied that including future affordability calculations were a proportionate step. But I'd need to see if Miss F would be able to afford to pay £5 a month while she was still on her University course.

Miss F has kindly provided her bank statements leading up to the lending decision in September 2019. After reviewing these statements, I'm satisfied that the statements show the £5 payment would be affordable. Miss F's statements show she received monthly income around £1,550 as well as other credits prior to the loan being approved. Miss F has told me that the main income was a stipend.

But if Miss F had provided her statements to Link as part of a proportionate check, then I'm satisfied they still would have granted the lending. Based on the information Link had available to them or would have had available to them if they asked Miss F for this, I'm satisfied that they made a fair lending decision here.

#### *Acceptance for the £3,000 loan – September 2020*

I can confirm that this loan wasn't a guarantor loan. Link hasn't provided our service with the results of the checks they completed, so I can't conclude if the checks they made prior to the September 2020 loan were proportionate or not. So I've viewed the information that Miss F has forwarded us from her credit file, to see what Link would have likely seen.

Miss F's credit file shows she had active accounts at the time this loan was approved, and from the information from Miss F's credit file, it shows no defaults and no CCJ's, and generally her accounts were well run. So it does appear that Miss F was managing her unsecured debt at the time, and that Link would have no real concerns about how she could manage her credit.

Due to the nature of the loan Link was approving for Miss F, she needed to pay 19 payments of £5 a month followed by £69.83 for 84 months thereafter. During Miss F's time in study the repayments were smaller, and after her confirmed course end date, Miss F would have a three month grace period in which to find work, after which point the repayment on her loan

increases to repay the loan over the originally agreed term. Link said the affordability was assessed using average earnings data specific to the course or discipline that she studied.

Based on the calculations Link completed, I'm satisfied that the future affordability calculations were proportionate. But I'd need to see if Miss F would be able to afford to pay £5 a month while she was still on her University course.

Miss F has kindly provided her bank statements leading up to the lending decision in September 2020. After reviewing these statements, I'm satisfied that the statements show the £5 payment would be affordable. Miss F's statements show she received credits into her account, and she managed her bank account fairly well.

So if Miss F had provided her statements to Link as part of a proportionate check, then I'm satisfied they still would have granted the lending. Based on the information Link had available to them, or would have had available to them if they asked Miss F for this, I'm satisfied that they made a fair lending decision here.

I've also listened to a call that Miss F had with Link on 28 October 2021. Link rung Miss F to inform her that she was in her last month of grace period so her payments would increase next month, and if she was ok with that. Miss F says that they've been really good with keeping her up to date with informing her when that's going to happen. Miss F tells Link she is full time employed and her income was *"just shy of (£)32,000"*.

Miss F confirms her bills are up to date. From the figures Link had calculated for Miss F's future earnings, the approximate £32,000 was over £8,000 more than what they had projected as her future income.

Miss F has since suffered financial difficulties. Link have told us that the last payment received on both of her accounts was on 1 November 2023, both of which were later returned to her. They said on 8 February 2024, Miss F entered a breathing space moratorium which suppressed mail to her, and the interest was suspended on both of her accounts, but this has now ended. Miss F may wish to contact Link to see what forbearance options they have available for her if she is still in financial difficulties.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that Link lent irresponsibly to Miss F or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here. So it follows I don't require Link to do anything further.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 15 October 2024.

Gregory Sloanes  
**Ombudsman**