

## **The complaint**

Mr S complains that Plend Limited (Plend) acted irresponsibly in agreeing to a loan he said he couldn't afford.

## **What happened**

In August 2022 Mr S entered into a Fixed Sum Loan agreement with Plend for £10,000. He said the loan was for debt consolidation to clear his high interest credit cards and catalogue accounts. The loan was repayable over 60 months at £212.47 a month. Mr S said he'd a history of borrowing and if Plend had properly checked they would have seen he struggled to manage his finances. He complained to Plend.

Plend said they'd carried out reasonable and proportionate checks to determine whether Mr S could sustain the repayments. They said as the loan was for debt consolidation by lending to Mr S they'd reduced his monthly credit commitments. Plend said Mr S had managed the new loan repayments well for around 15 months but had contacted them in December 2023 to say he was struggling financially. They said they acted with forbearance and consideration to support Mr S through his financial difficulties.

Mr S wasn't happy with Plend's response and referred his complaint to us.

Our investigator said Plend's check had been proportionate and reasonable. And based on these said Plend had acted fairly and reasonably in lending to Mr S.

Mr S didn't agree and has asked for an ombudsman to decide.

## **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 appreciate my decision will disappoint Mr S but having done so I'm not upholding his complaint. I'll explain why.

The rules that apply to credit agreements are set out in the consumer credit sourcebook (CONC) of the Financial Conduct Authority's handbook. Section 5.2A of CONC is relevant guidance as it covers the need for businesses like Plend to complete reasonable and proportionate creditworthiness assessments before agreeing to lend. In reaching my decision I need to consider:

1. Did Plend complete reasonable and proportionate checks to satisfy themselves that Mr S would be able to sustainably repay the borrowing?
  - a. If they did, was the decision to then lend to Mr S fair?
  - b. If they didn't, would reasonable and proportionate checks have shown that Mr S could sustainably repay the borrowing?

## 2. Did Plend act unfairly or unreasonably in some other way?

There isn't a set list for what reasonable and proportionate checks are. But I'd expect lenders to consider the specific circumstances of the loan application. Affordability checks need to be proportionate taking into consideration factors such as – but not limited to – the size of the loan, the repayments, what the lender knew about the consumer, and the things the consumer told them about their circumstances.

CONC says a lender should take reasonable steps to determine or make a reasonable estimate of a consumer's income and non-discretionary spending. And under CONC 5.2A.12(2) goes on to say what can be constituted as income which includes not only the consumer's income but also:

*2(b) income from savings or assets jointly held by the customer with another person, income received by the customer jointly with another person or income received by another person in so far as it is reasonable to expect such income to be available to the customer to make repayments under the agreement;...*

I've considered the checks Plend did.

Plend said their credit search didn't show any adverse information. They also asked Mr S for access to his bank accounts and through open banking they considered Mr S' financial activity for the three months prior to the loan being agreed. Mr S also provided them with the details of the debts he looked to settle using the £10,000.

Plend said using Mr S' open banking they considered income paid into the account (which would have included Mr S' partner's income), cash income, refunds, any pension, bank refunds and transfers into the account, averaging this figure over 3 months. For expenditure they considered essential spending, basic cost of living, insurance, finance and home costs as well as some discretionary spending.

Mr S said he was using the loan to consolidate debts which he said amounted to £10,300 in total. I can see that on average he was paying around £700 a month in repayments for these. Plend said after removing the debts that would be settled by the loan and factoring in the new lending of around £212 Mr S would be left with sufficient disposable income to sustain his repayments.

Plend hasn't provided the credit report they saw at the time of the lending only a summary that there wasn't any adverse information. Mr S has said he'd taken out another loan for £5,800 shortly before he applied for the loan with Plend. Our investigator requested a copy of Mr S' credit report to see if this loan would have been visible to Plend at the time they agreed to lend to Mr S. But this hasn't been provided to us. And given the time it can take for credit reports to accurately reflect a consumer's credit history I've been given no reason to think that this had been seen by Plend at the time they agreed to lend to Mr S.

I know Mr S has questioned the income figure used in his affordability assessment. But as outlined above income received jointly can be considered. Mr S had a joint account with his partner into which both their incomes are paid, and which was used for essential and non-discretionary spending. And Mr S included some of his partner's credit commitments in the debts he was looking to consolidate.

I can also see that Mr S transferred money from another account he had to help manage his finances. And that this account was persistently overdrawn. But Mr S included his overdraft amount in the accounts he was looking to settle through the use of the debt consolidation loan.

So, from the evidence I've seen Plend's checks were reasonable and proportionate. And based on the evidence they gathered the lending was affordable for Mr S at that time. And this is supported by Mr S maintaining the account for around 15 months.

In his complaint Mr S said he didn't manage his finances well and after settling his credit card commitments with the debt consolidation loan he had begun to use the credit cards again which meant his monthly credit commitments had increased to a level he was struggling to maintain. But I can't hold Plend responsible for Mr S taking on further credit after they'd agreed to lend to him.

I can see that after Mr S told Plend of his financial difficulties they have worked with him and a third party. I can see Plend gave Mr S breathing space while he and the third party looked at setting up a debt management plan. And once this was enacted Plend froze all interest on Mr S' loan. I expect Plend to continue to act toward Mr S with forbearance and consideration during his financial difficulties.

I've also considered whether Plend acted unfairly or unreasonably in some other way given what Mr S has complained about, including whether their relationship with him might have been viewed as unfair by a court under Section 140A Consumer Credit Act 1974. But, for the reasons I've already given, I don't think Plend lent irresponsibly to Mr S or otherwise treated him unfairly. I haven't seen anything to suggest that s140A or anything else would, given the facts of this complaint, lead to a different outcome here.

So, I'm satisfied that Plend didn't act unfairly towards Mr S when they agreed to provide the funds. I appreciate that this will be disappointing for him. But I hope he'll understand the reasons for my decision and at least consider that his concerns have been listened to.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 2 April 2025.

Anne Scarr  
**Ombudsman**