

## **The complaint**

Mr B complains that Oakbrook Finance Limited irresponsibly lent to him.

## **What happened**

In August 2024, Mr B applied for a £3,000 loan with Oakbrook. The loan had a term of 18 months.

A short while later, in November 2024, Mr B complained to Oakbrook. He said, in summary, that Oakbrook should never have lent to him; he didn't think that Oakbrook had carried out sufficient checks before agreeing to provide the credit.

Oakbrook sent Mr B its final response on 25 November 2024. In it, Oakbrook said that it didn't uphold Mr B's complaint; it defended the checks it had carried out and its decision to provide Mr B with the loan. Oakbrook explained it had reviewed Mr B's income and expenditure; it had also carried out credit checks. Mr B had passed Oakbrook's assessment and, as such, the loan had been granted.

Mr B didn't accept Oakbrook's response, so he referred his complaint to this Service for independent review. He argued that Oakbrook hadn't carried out enough checks; had it done so, it would've seen that he'd been gambling and borrowing money from elsewhere. An Investigator here looked at what had happened but, overall, she didn't think Mr B's complaint should be upheld. In summary, she said:

- Oakbrook had carried out reasonable and proportionate checks before agreeing to lend to Mr B.
- The results of those checks hadn't highlighted any cause for concern over Mr B's ability to afford the loan.
- Nothing suggested that Oakbrook had acted unfairly in any other way.

Mr B disagreed, and he asked for an Ombudsman's decision. He maintained that Oakbrook hadn't done enough to check his circumstances before agreeing to lend. So, the complaint has now been passed to me 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.

Having done so, while I know this will disappoint Mr B, I don't find that his complaint should be upheld. I'll explain why.

The rules and regulations, in place at the time Mr B was provided with the loan, required Oakbrook to carry out a reasonable and proportionate assessment of his circumstances. That's to determine whether he could afford to repay what he owed in a sustainable manner. This practice is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be borrower focussed; that is, relevant to Mr B. So, Oakbrook would have to think about whether repaying the credit sustainably would cause him difficulties, or other adverse consequences. In other words, it wasn't enough for Oakbrook to just consider the likelihood of it getting the funds back – it had to consider the impact of any repayments on Mr B.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g.: their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Oakbrook did what it needed to before agreeing to lend to Mr B.

At the time of approving the loan, Oakbrook has explained that it asked Mr B for details of his income; it used data from the Office for National Statistics ("ONS") to establish his expenditure and, finally, it checked his credit file via a Credit Reference Agency ("CRA").

Fundamentally, from what I've seen, the results of those checks showed no pressing cause for concern. Mr B had no recent adverse data recorded against his credit file, and he held a low amount of external debt – around £1,700. It had been around 65 months since Mr B had defaulted on an account, and around 76 months since he'd taken out a payday loan. Mr B provided a payslip, as requested by Oakbrook, to support his declared annual income; Oakbrook's use of ONS data to complete Mr B's expenditure details isn't inherently unreasonable in the circumstances, and I've seen that it added an inflation buffer too. It also included Mr B's credit commitments that it found in its credit file check.

Broadly then, with all of that in mind, my view is that the checks Oakbrook performed were proportionate. I'm not persuaded that it would have been necessary for Oakbrook to request more information, or evidence, from Mr B about his finances before the loan was approved – and I think that the results of those checks suggested the loan was affordable for Mr B. In conclusion, based on the information gained via the proportionate checks it carried out, I don't think Oakbrook was wrong to approve this loan.

Mr B has made the point that Oakbrook didn't review his bank statements before lending. He's confident that, if it had, it would've had reason not to provide him with credit – and I also noted that, more broadly, Mr B thinks firms should be obligated to request bank statements.

While I can see his point of view, I'm not persuaded by that argument. The fact is there is no set list of checks a lender has to complete and, therefore, no obligation for it to request bank statements. To be clear, I'm not saying that Mr B wasn't under some level of financial pressure; rather, I find here that it wouldn't have been proportionate for Oakbrook to complete the level of checks needed to discover this. Instead, I consider the level of check it carried out was proportionate and it didn't need to ask for his bank statements here.

I would also reiterate, much like our Investigator explained, that a lender's credit check might not show everything Mr B could see on his full credit file. There can be timing differences, for example, and not all lenders report to all the agencies. Ultimately, Oakbrook was entitled to rely upon the information it received from the credit check it carried out.

The key point to remember here, is that it's only fair and reasonable for me to uphold a complaint in circumstances where I can conclude a lender did something wrong. While I've

no doubt Mr B will see things differently, I don't think that Oakbrook could have known that the payments for this loan were – or would become – unaffordable at the time of lending. So, for the reasons I've already given, I don't think Oakbrook lent irresponsibly to Mr B or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

My final decision is that I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 14 March 2025.

Simon Louth  
**Ombudsman**