

## **The complaint**

Mr A complains that Valour Finance Limited trading as Savvy.co.uk (“Valour”) lent to him irresponsibly in that it failed to carry out the regulatory checks required before lending.

## **What happened**

Mr A took one loan with Valour in August 2024. He applied for £1,000. Valour carried out checks, including a fifteen minute telephone conversation, and reduced the loan offered to £550 repayable over eight months. Mr A was to pay seven instalments of just under £132 and the final repayment was just over £130. The first instalment was due on 6 September 2024. After Mr A had complained, Valour issued its final response letter (FRL) giving reasons why it did not uphold his complaint. At the time of the FRL Mr A had paid the instalments due to that date. Mr A referred it to the Financial Ombudsman where one of our investigators considered that the loan had been lent responsibly. Mr A disagreed and the complaint was 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.

We’ve set out our general approach to complaints about this type of lending - including all the relevant rules, guidance, and good industry practice - on our website. Valour had to assess the lending to check if Mr A could afford to pay back the amount he’d borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. Valour’s checks could’ve considered a number of different things, such as how much was being lent, the size of the repayments, and Mr A’s income and expenditure.

I think in the early stages of a lending relationship, less thorough checks might have been proportionate. But certain factors might suggest Valour should have done more to establish that any lending was sustainable for Mr A. These factors include:

- having a low income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the amounts to be repaid being especially high (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- having a large number of loans and/or having these loans over a long period of time (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable);
- coming back for loans shortly after previous borrowing had been repaid (also suggestive of the borrowing becoming unsustainable).

Valour was required to establish whether Mr A could sustainably repay the loan – not just whether he technically had enough money to make his repayments. Having enough money to make the repayments could of course be an indicator that he was able to repay his loan sustainably. But it doesn’t automatically follow that this is the case.

Valour carried out proportionate checks as it verified his income, checked his credit file which did not show any elements to prompt it to be unduly concerned. There was nothing there to indicate that Mr A was in financial difficulties or had been falling behind in his payments.

Mr A did have at least eight credit card accounts, some of which had been opened in 2023 and one in 2024. The total outstanding on all those card accounts came to £18,630 and several were almost at their credit limits. The minimum repayments each month on a debt of £18,000 would have been around £540 and that was around the figure that Valour used when assessing Mr A's affordability.

Valour, for its assessment used £770 for rent, £150 for housekeeping costs, £212 for household bills and £84 for travel, socialising and entertainment £100, and £444.75 for debt repayments having reviewed Mr A's credit file. On an income of £2,550 it left Mr A with around £689 of disposable income. The loan looked affordable.

The telephone call Mr A had with Valour in August 2024 was recorded and we have received a copy of that call which I have listened to. During that call Mr A confirmed several elements of the application, his circumstances and the figures used for the I&E. Mr A also explained his credit card use.

The Valour representative focussed on the credit card accounts and asked him a lot of questions surrounding these. Mr A explained that he used them to assist with existing credit card debts as by doing balance transfers to other new cards offering 0% interest for, say, 18 months, then he could save money. He was asked what he used his cards to buy and Mr A explained that he used them for everything including food and travel, a holiday in July 2024 and then he'd pay off as much as possible each month. The Valour representative wanted to know about a recent credit limit increase on one of the cards, and Mr A said that it had been an automatic one.

Mr A was asked to confirm that he worked full time and was not off sick. He said he worked from home and so had little travel costs. He had no vehicle. He confirmed his monthly take home salary as £2,550 and a discussion was had as to the date he got paid in each month. He confirmed that he was not gambling. Mr A said he needed the loan as he was moving into an unfurnished house and required to buy some furniture. His current rent was £770 and that included water, gas and electricity and he did not pay council tax. He paid for internet use and a mobile and food.

The Valour representative took her time and was able to offer Mr A £550 over eight months and not the £1,000 he'd asked for. Mr A confirmed that this loan was affordable. The I&E assessment Valour carried out indicated that Mr A had enough disposable income to repay the £131 a month.

Mr A has sent to us his bank account statements but, in light of the evidence I consider it would have been disproportionate for Valour to have asked to see his bank account statements for this loan and so I have not reviewed them.

Mr A says that he thinks Valour had access to his bank account and would have seen the transactions shown on the bank statements he has sent to us. But I have no indication or record from Valour that it had access to his account. It carried out what is a well-known industry check through an *'automated income validation check which confirmed that you had been receiving a minimum of £2550.00 monthly for at least the past 12 months.'* But that was to verify his declared income and does not necessarily mean it had 'eyes on' the individual transactions of an account.

Mr A has said that Valour ought to have known that he was not working, was on Universal Credit (UC) and it was a much lower sum than the £2,550 it had used as income. And Mr A says that Valour ought to have known that he had been on a certain type of UC payment which indicated that he had health issues and was not able to work. I don't agree.

On the telephone call Mr A had with the Valour representative he was clear in his confirmation that he worked full time, was not off sick, and was paid around the 6<sup>th</sup> of each month and was in receipt of take home pay of £2,550 each month. So, with such firm affirmation of his situation Valour would have had no reason to check further. And there would be no reasonable explanation for Valour to conclude at the time as to why he told Valour he had £2,550 monthly income if he received less than this.

I consider that the checks Valour carried out including the extensive questioning during a telephone call for around 15 minutes added up to proportionate checks and have satisfied me that Mr A had time, and multiple opportunities to provide the full and complete picture to Valour, if he had wanted to, before accepting the loan.

So, I reject Mr A's assertion that Valour has fallen short of what it was expected to do by its regulator or has failed to treat him in the way he thinks he ought to have been treated.

I've also considered whether Valour acted unfairly or unreasonably in any other way and I have 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 don't think it lent irresponsibly to Mr A or otherwise treated him 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.

### **My final decision**

My final decision is that I do not uphold the complaint.

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

Rachael Williams  
**Ombudsman**