

The complaint

Mr H complains that Salad Finance Limited lent to him irresponsibly.

What happened

In August 2023, Mr H took out a loan with Salad Finance for £500.00 over 12 months. The monthly repayment figure was £57.42.

In March 2024, Mr H made an additional loan application to Salad Finance for £1,200, however this was declined.

As Mr H had *'a very low credit rating and a lot of debt'* prior to August 2023, he thinks Salad Finance didn't undertake sufficient checks and their lending decision, when approving the £500 loan, was incorrect and irresponsible.

Mr H complained to Salad Finance. However, they said that, based on the information they had available, their checks were proportionate, and their lending decision was sound.

Mr H escalated his complaint to our service; however, our investigator couldn't see that Salad Finance had done anything wrong.

As Mr H remains dissatisfied his complaint has been referred to me to look at.

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, although I'm very sorry to hear of Mr H's financial difficulties, I'm not upholding this complaint and I'll explain why.

I'll focus on what I think are the important points to reach a final decision. But I've carefully considered all the points both parties have made, even though I don't specifically address them all.

Salad Finance needs to take reasonable steps to ensure that it doesn't lend irresponsibly. Also, pay attention to possible signs of vulnerability in potential borrowers and act with appropriate care.

Regarding Mr H's loan application, in practice, this means Salad Finance should've carried out reasonable and proportionate checks to ensure he could afford to repay the £500 in a sustainable manner.

There isn't a set list of checks a lender must complete but they should take into account a number of different things, such as how much was being lent, the length of the agreement, the frequency and amount of repayments, the total amount repayable and what Salad Finance knew about Mr H's circumstances at the time he applied for the loan.

In order to decide this complaint I looked at everything Salad Finance considered, to see if their checks were proportionate and, if they were, did they make a fair lending decision and act fairly towards Mr H.

The £500 Mr H was borrowing from Salad Finance was over a short period and using open banking they had access to Mr H's financial data and insight into his income and expenditure.

I scrutinised the analysis undertaken by Salad Finance which importantly included average salary (as there were some fluctuations), existing credit commitments, average monthly outgoings (including loans, repayments and irregular expenses) and disposable income. Also, there were no recent defaulted accounts, county court judgements, accounts in arrears or evidence of financial vulnerability such as frequent gambling and cash withdrawals.

I found the analysis that Salad Finance undertook to be detailed and proportionate given the value, cost and term of the loan. The open banking analysis showed that, even when taking the lower income and higher expenditure averages that Mr H had sufficient disposable income to afford the monthly loan repayment of £57.42 in August 2023.

I note that Mr H subsequently, on 26 March 2024, missed one of his £57.42 monthly loan repayments and went into arrears. And this together with income and expenditure patterns would've been recorded by Salad Finance for future credit applications.

Based on the information I've analysed, I think the checks Salad Money undertook were proportionate and they made a fair lending decision here.

So, having considered all the information on file, I'm not upholding this complaint against Salad Finance Limited.

My final decision

My final decision is that I'm not upholding this complaint against Salad Finance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 12 May 2025.

Paul Douglas
Ombudsman