

## **The complaint**

Miss S complains that OAKBROOK FINANCE LIMITED, trading as Likely Loans, irresponsibly lent to her.

## **What happened**

In July 2021, Miss S applied for a £1,500 loan with Oakbrook. The loan had a term of 18 months, with monthly repayments of £133.

Miss S complained to Oakbrook in 2024. She said, in summary, that Oakbrook should never have lent to her. Miss S didn't think that Oakbrook had carried out sufficient checks before agreeing to provide the credit, and she thought it should've done more to uncover her true financial position.

Oakbrook sent Miss S its final response in September 2024. In it, Oakbrook said that it didn't uphold Miss S' complaint; it defended the checks it had carried out, and its subsequent decision to provide Miss S the loan. Oakbrook explained it had reviewed her income and expenditure; it had also carried out credit checks. Miss S had passed Oakbrook's assessment and, as such, the loan had been granted.

Miss S didn't accept Oakbrook's response, so she referred her complaint to this Service for independent review. She maintained her view that Oakbrook hadn't carried out enough checks. Miss S thought that if it had done so, Oakbrook would've seen the true extent of her borrowing and deteriorating financial circumstances.

An Investigator here looked at what had happened but, overall, they didn't think Miss S' complaint should be upheld. In summary, the Investigator said:

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

Miss S disagreed, and she asked for an Ombudsman's decision. She maintained that Oakbrook hadn't done enough to check her circumstances before agreeing to lend, and she drew specific attention to some County Court Judgements ("CCJs") recorded against her. Miss S questioned how Oakbrook could've made a fair lending decision given her credit history. 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 Miss S, I don't find that her complaint should be upheld. I'll explain why.

The rules and regulations in place at the time Miss S was provided the loan required Oakbrook to carry out a reasonable and proportionate assessment of her circumstances. That's to determine whether she could afford to repay what she 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 Miss S. So, Oakbrook would have to think about whether repaying the credit sustainably would cause her 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 Miss S.

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 Miss S.

At the time of approving the loan, Oakbrook has told us that it asked Miss S for details of her income; it used data from the Office for National Statistics ("ONS") to help establish her expenditure and, finally, it checked Miss S' credit file via information provided by a Credit Reference Agency ("CRA"). The results of those checks showed no pressing cause for concern. To summarise, Miss S declared she was employed, with an income of around £25,500; Oakbrook found she had no recent adverse data recorded against her, held a relatively low amount of external debt – around £3,000 – and it had been 42 months since Miss S had defaulted on an account, and around 20 months since a CCJ had been reported.

Broadly then, with all of that in mind, my view is that the checks Oakbrook performed were proportionate. In the circumstances, and given the results of its checks, I'm not persuaded that it would have been necessary for Oakbrook to request more information, or evidence, from Miss S about her finances before the loan was approved. Instead, I think the results of Oakbrook's checks suggested the loan was affordable for Miss S; essentially, results showed that she was likely able to repay £133 per month. In conclusion, based on the information gained via the proportionate checks it carried out, I can't fairly say that Oakbrook was wrong to approve this loan.

Miss S has highlighted CCJs recorded against her, and how her bank statements would've shown her true financial position had Oakbrook asked for them. I understand that perspective, but I don't find that either argument – about CCJs or bank statements – changes my view here. Oakbrook did take Miss S' credit history into account, including her CCJs, and it discovered that one hadn't been recorded for some time – much more than a year before this application was made. It's reasonable then, in my view, for Oakbrook to

have determined that adverse information to be historic. In any event, the existence of CCJs doesn't automatically, or categorically, preclude an individual from obtaining credit.

Moreover, the fact is there is no set list of checks a lender must complete. Therefore, Oakbrook has no *obligation* to request bank statements. I'm not saying that Miss S wasn't under some level of financial pressure; it's just that here, in these circumstances, Oakbrook didn't need to complete the level of checks required to discover this. Instead, I find that the level of checks it did carry out were proportionate to the amount being lent, the lending relationship, and the results of those checks. My view is that nothing Oakbrook discovered ought to have given it significant cause for concern, nor that it should've been prompted to further verify Miss S' wider financial situation.

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 Miss S 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 Miss S or otherwise treated her 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 Miss S' complaint.

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

Simon Louth  
**Ombudsman**