

The complaint

Mr K complains that My Finance Club Limited trading as Myfinanceclub.com (MFC) didn't complete adequate affordability checks and had it done so, it would have seen the loans offered and advanced to him (by it) were unaffordable. Mr K says this caused financial difficulty and had an adverse impact on his private life and mental health.

What happened

Mr K applied for three short-term loans (STL), otherwise known as payday loans from MFC, between 13 November 2022 and 18 July 2023 as outlined below:

Loan number	Start date	Loan amount (£)	Repayment (£)	End date
1	13/11/2022	£250	£326	30/12/2022
2	08/02/2023	£400	£521.60	09/03/2023
3	18/07/2023	£400	£592	12/09/2023

In September 2024, Mr K complained to MFC that it hadn't conducted sufficient checks before agreeing to the lend to him.

MFC considered Mr K's complaint but didn't uphold it, advising Mr K of the same under cover of a letter dated 25 October 2024. Unhappy with MFC's decision not to uphold his complaint Mr K referred it to our service.

Our investigator didn't uphold Mr K's complaint. They said that MFC conducted proportionate checks and these checks showed the loans were likely affordable for Mr K.

Mr K didn't agree, so the case has been passed to me for review and decision.

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'm aware that I've summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I've got is incomplete, unclear or contradictory, I've to base my decision on the balance of probabilities.

MFC will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Mr K's complaint. Having looked at everything I've decided to not uphold Mr K's complaint for the same reasons as that of our investigator and I've explained why below.

Mr K took out three loans from MFC, so I don't think the pattern of lending here demonstrated unsustainable lending as after the first loan, the second and third were taken out after the previous ones had been paid off.

MFC has provided details of the monthly income and expenditure Mr K declared prior to each lending decision and it has also provided evidence that it searched his credit file.

MFC says a customer must pass several assessments in order to qualify for lending. It also considered Mr K's declared income and outgoings and used a combination of statistical data which uses national averages as well as credit reference agency data to assess the application from both a creditworthiness and affordability perspective. MFC says Mr K passed all these assessments, so the loans were granted.

MFC has provided the results of Mr K's credit check. This showed he had no defaults, delinquency markers or County Court Judgements (CCJ's), had only one missed payment three months prior to loan two and one missed payment two months before loan three and no other adverse information.

Mr K's declared income varied between £4,560 to £5,108 over the three loans. For his living costs including credit commitments and mortgage Mr K declared between £1,400 to £3,261. The results of the credit search showed Mr K had a number of active accounts but there were no defaults or delinquent accounts recorded at the time of the loans. I can see MFC took this into account when assessing Mr K's affordability and so it lent on the basis that Mr K could afford the repayments for each loan and was left with sufficient disposable income. And I agree.

Mr K told us that he was providing a substantial amount of maintenance each month to his ex-partner for their children. But Mr K didn't disclose this during the application process and I don't think MFC needed to go as far as asking for bank statements. So, without Mr K informing MFC of the true nature of his financial situation, it wouldn't have been aware and would have to rely on what Mr K had told them and the results of the credit check. And businesses should be allowed to rely on what a consumer tells them and the results of such searches. MFC told us that as part of the application process, Mr K accepted that the information he provided was accurate and factually correct and that the loans wouldn't cause him any financial difficulty. So Mr K would have been aware of the necessity of painting a true reflection of his financial affairs to MFC before it granted the loans.

So I'm satisfied MFC carried out proportionate checks and reacted sufficiently to the information it saw from its checks. Those checks showed Mr K was left with sufficient disposable income to afford each loan. So, I don't think it was wrong for MFC to lend Mr K any of the loans that it did when it did.

I'm sorry to hear Mr K's circumstances were more difficult than MFC was aware of, and that these loans contributed to further financial difficulties for him. I've considered whether there were any signs that Mr K would struggle to afford as well as sustain these loan repayments, but I can't fairly conclude that MFC received information about his finances suggesting this would be the case.

My final decision is that I don't uphold Mr K's complaint for the reasons given above. I appreciate that Mr K will be disappointed with this. But having considered everything that both parties have said and submitted, I'm simply not persuaded, in the particular circumstances of this case, that MFC made any unfair lending decisions.

Did MFC act unfairly in any other way

I've also considered whether MFC acted unfairly or unreasonably in any other way, including whether the relationship between Mr K and MFC might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think MFC lent irresponsibly to Mr K 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

For the reasons given above, I'm not upholding Mr K's complaint against My Finance Club Limited trading as Myfinanceclub.com.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 17 June 2025.

Paul Hamber
Ombudsman