

The complaint

Mr B complains Gracombex Ltd trading as The Money Platform (“Gracombex”) didn’t carry out proportionate affordability checks before it approved him for loans. Had it done so it would’ve realised he had high levels of debt.

What happened

A summary of Mr B’s borrowing can be found in the table below.

loan number	loan amount	total to repay	agreement date	agreement end date	number of monthly instalments	monthly repayment
1	£400	£598.42	02/01/2024	29/03/2024	3	£199.48
2	£1,000	£1,495.18	02/04/2024	28/06/2024	3	£498.40
3	£1,000	£1,463.58	06/08/2024	settled*	3	£487.85

*Mr B told us in March 2025 that the final loan had been settled but no date was provided.

Following Mr B’s complaint, Gracombex explained why it wasn’t going to uphold the complaint. However, at the time loan three remained unpaid and it offered to put Mr B on to a repayment holiday for three months and once repaid the loan would be removed from Mr B’s credit file.

The complaint was referred to the Financial Ombudsman where it was considered by an Investigator and she didn’t uphold the complaint. Mr B disagreed with the outcome saying:

- Mr B’s second and third loans were for larger amounts and ought to have led to further checks.
- Mr B found a final decision on another complaint from the Financial Ombudsman’s database which he says has “... *a lot of parallels...*” given the high levels of debt and there was a large disposable income.
- Gracombex ought to have questioned if Mr B had such a large disposable income why he needed high-cost borrowing.

As no agreement could be reached the case was then passed to an ombudsman to make a decision about the complaint.

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.

Gracombex had to assess the lending to check if Mr B could afford to pay back the amounts

he'd borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. Gracombex's checks could've taken into account a number of different things, such as how much was being lent, the size of the repayments, and Mr B's income and expenditure.

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

- Mr B 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);
- Mr B 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);
- Mr B coming back for loans shortly after previous borrowing had been repaid (also suggestive of the borrowing becoming unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable for Mr B. The investigator didn't consider this applied in Mr B's complaint considering only three loans were advanced and I would agree.

Gracombex was required to establish whether Mr B could sustainably repay the loans – 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 Mr B was able to repay his loans sustainably. But it doesn't automatically follow that this is the case.

Industry regulations say that payments are sustainable if they are made without undue difficulties and in particular, made on time, while meeting other reasonable commitments and without having to borrow to make them. If a lender realises, or ought reasonably to have realised, that a borrower won't be able to make their repayments without borrowing further, then it follows that it should conclude those repayments are unsustainable.

Gracombex says it only lent to Mr B after it took details of his income, expenditure and carried out a credit search. The results of its checks indicated Mr B would be in a position to afford his loans. Whereas, Mr B says the loans weren't affordable to him due to his high level of debt.

I've considered all the arguments, evidence and information provided in this context, and thought about what this means for Mr B's complaint.

Loan 1

For this loan, Gracombex was told Mr B received a monthly income of £7,500. It looks like Gracombex went about trying to cross check this income, but the specific tool used by Gracombex wasn't able to check Mr B's income. This was due the account provider not reporting the relevant information to the credit reference agencies tool.

I think it was proportionate for Gracombex to have relied on the information Mr B had declared. And even if it had taken further steps – such as asking for a payslips then it would've likely seen that what Mr B declared about his income was broadly accurate.

In terms of outgoings, Gracombex says it took details from Mr B about his rent and then it used the credit search results as well as using monthly expenses data taken from the Office of National Statistics (ONS).

Mr B declared rent of £1,400 per month and to that it added the ONS living payment of £785 plus the amount of credit commitments that it worked out to be - £1,514 which left Mr B (after the loan payment) £3,601 per month. It was therefore reasonable for Gracombex to conclude the loan was affordable for Mr B.

Before this loan was approved Gracombex also carried out a credit search and it has provided the Financial Ombudsman with a copy of the results it received from the credit reference agency. I want to add that although Gracombex carried out a credit search there isn't a regulatory requirement to do one, let alone one to a specific standard.

Therefore, it's possible that the information Gracombex received may not entirely reflect the information Mr B may be able to see in his own credit report. There could be for a number of reasons for this, such as Gracombex only asking for certain pieces of information. But what Gracombex couldn't do, is carry out a credit search and then not react to the to the information it received – if necessary.

Gracombex was also entitled to rely on the information it was given by the credit reference agency. So, I've looked at the results to see whether there was anything contained within it that would've either prompted Gracombex to have carried out further checks or possibly have declined Mr B's application.

Superficially, Gracombex knew that Mr B's total indebtedness at the time stood at just over £34,000 across 16 active accounts. Mr B didn't have any County Court Judgements, missed payments, insolvencies or defaults. So, it was fair and reasonable for Gracombex to conclude that Mr B was managing his existing credit commitments well. Gracombex worked out that Mr B's financial commitments were around £1,500 per month.

The Investigator had used Mr B's credit file provided from the same provider as the one used by Gracombex as part of her review. She did this primarily because even with the key document provided by Gracombex the credit check results aren't in the easiest format to decipher.

She didn't need to do this, but it helped with her understanding of Mr B's credit commitments. The credit file review she carried out suggested that these costs were over £2,900 per month. I can't explain why there is such a discrepancy. But even if Gracombex was fully aware of Mr B's existing monthly credit commitments it wouldn't change the outcome that was reached as the loan appeared affordable.

So, I'm going to conclude given the income declared and what the credit commitments show that Gracombex made a fair lending decision.

Loans 2 and 3

Gracombex carried out the same sort of checks for these loans as it had done for loan 1. The first loan had been repaid without any obvious difficulties and then Mr B returned for a much larger loan (loan 2) only a matter of days after loan 1 was repaid. Then loan 3 was granted around six weeks after the second loan had been repaid.

As I said, loan 2 was for a much larger sum to be repaid over the same term, so it in effect led to significantly greater repayments than Mr B had previously made.

For loan 2, the information Gracombex obtained from Mr B as well as its credit search results are nearly identical. That isn't much of a surprise considering the proximity of the applications. Although this time, it was told that Mr B's overall indebtedness had decreased by over £3,600 compared to the first application. But taking account of Mr B's income, which has already been established was likely to be accurate than nonetheless Gracombex worked out that the monthly payments for this loan would be affordable.

And the same checks were carried out for loan 3 as they were for loans 1 and 2. Again, these checks showed the loan was affordable based on Mr B's declared income – and the calculations Gracombex made into Mr B's living costs.

Since loan 2 had been granted Mr B's overall indebtedness had again decreased by a further £2,000 – taking it down to just over £28,000. Although for this loan, his actual monthly credit commitments – as worked out by Gracombex had increased to £1,800 per month – but that still wasn't a significant portion of his income. But Gracombex – based on the results of the income and expenditure check worked out loan 3 was also affordable.

The Investigator also reviewed Mr B's actual credit file to see what commitments he had outstanding and for both of these loans the actual credit file suggested that Mr B's monthly credit commitments remained broadly similar to loan 1 at around £3,000 per month. To be clear she didn't need to do this, but I can understand why she did and it wouldn't have made any difference to the outcome reached.

I think part of the reason is that for whatever reason, not all of Mr B's monthly credit commitments were being picked up by Gracombex's credit search results. Mr B's actual monthly credit commitments were about double what it had calculated – and that in turn would've decreased the disposable income calculation – but still there was enough left over for Mr B to be able to afford the loan.

I think it's fair to say that the main concerns Mr B has with the lending decisions are that Gracombex approved these loans without looking at his bank statements, verifying his living costs and questioning why – if he had as much disposable income as it had calculated why there was a need for him to take on these loans.

Firstly, it isn't for Gracombex to question the wisdom of why someone may wish to take a payday loan – or the purposes that they are going to use the loan for especially if it had carried out proportionate checks and deemed the loan to be affordable and it was early on in the lending chain.

But I can understand why Mr B would be concerned given that the amount of monthly disposable income Gracombex calculated was three times the value of the loan lent. But of course, there was a sufficient buffer built into the affordability assessment to cover any other living costs that Mr B had that weren't picked up by the ONS data.

Given the number of loans, the values of the loans, the lack of adverse payment information contained within the credit search report and the decreasing total debt I don't think it had quite reached the point where Gracombex needed to do more before it lent to Mr B. As such, like the investigator I am not upholding the complaint.

Other considerations

To start with, each case brought to the Financial Ombudsman, has to be looked at on its own individual merits. The fact that what appear to be similar complaints may have been upheld for similar reasons doesn't create a precedent that I'm bound to follow. I have to

consider the complaint on its own individual circumstances taking account of the information Gracombex had to hand.

Mr B has provided references to another decision, issued by an Ombudsman colleague against the same lender and which Mr B says that there are parallels with his complaint. As both parties will know my remit is to come to a fair and reasonable outcome, based on the information that has been made available to me and in the individual circumstances of this complaint.

There is no requirement for me to replicate other decisions that has been issued by Ombudsman colleague who upheld a complaint about two lending decision. I would point out the issuing of a decision does not set a precedent especially as I'm required to consider each case on its own individual merits.

The borrowing pattern in that case is different, especially, with the loan value and frequency of the borrowing. While I accept that the circumstances of that case the Ombudsman felt that the disposable income of over £700 per month coupled with the quick uptake maybe ought to have led to further checks into that consumer's non-credit related expenditure.

And the Ombudsman found out that the other consumer was spending money on a number of debt collector payments – which wouldn't have been relevant to Mr B. So having carefully thought about the other decision Mr B has highlighted I'm satisfied the circumstances aren't the same and so as I said I'm not bound by the decision.

Mr B has said that he feels, following the investigation by Gracombex that it was trying to "*dissuade*" him from bringing his complaint here. But as far as I can see Mr B raised a complaint, it was investigated, and an outcome was provided – this is exactly what I would've expected Gracombex to have done. It was also required to do it also provided Mr B with referral rights – that if he remained unhappy, he would be entitled to bring the complaint to the Financial Ombudsman Service – which is what he has done.

So this hasn't persuaded me to uphold Mr B's complaint.

I've also 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 Gracombex 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 would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons I've explained above, I'm not upholding 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 15 August 2025.

Robert Walker
Ombudsman