

The complaint

Mrs C complains that OAKBROOK FINANCE LIMITED trading as Likely Loans was irresponsible in its lending to her. She wants all interest and charges applied to the loans refunded along with statutory interest. She also wants £750 compensation for the impact the lending had on her credit rating and the distress and inconvenience she has been caused.

Mrs C is represented by a third party but for ease of reference I have referred to Mrs C throughout this decision.

What happened

Mrs C was provided with two loans by Likely Loans.

Loan	Date	Amount	Term	Monthly repayments
1	May 2019	£2,000	24 months	£158.50
2	September 2022	£2,000	36 months	£109.59

Mrs C said that adequate checks weren't carried out before the loans were provided and that she had other debt outstanding at the time. She said that the loans weren't affordable.

Likely Loans issued a final response to Mrs C's complaint dated 11 October 2024. It said that affordability and creditworthiness checks were carried out before the loans were provided. It said the credit checks didn't raise any concerns and that its assessments showed the loans to be affordable for Mrs C.

Mrs C referred her complaint to this service.

Our investigator thought the checks carried out before the loans were provided were proportionate. As these supported the loans being affordable for Mrs C he didn't uphold this complaint.

Mrs C didn't accept our investigator's view. She said that proportionate checks would have shown she was struggling financially, noting she was constantly in her overdraft and had several other loans outstanding. She said that a significant portion of her income was used to pay her mortgage leaving little disposable income for additional debt obligations.

Our investigator noted Mrs C's comments but as these didn't change his view, and a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue a 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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mrs C was provided with two loans by Likely Loans and I have considered each of these lending decisions.

Loan 1: May 2019

Mrs C was provided with a £1,000 loan in May 2019. The loan term was 24 months and monthly repayments of £158.50 were required. Before the loan was provided, Likely Loans gathered information about Mrs C's employment, income, residential status and the purpose of the loan. Mrs C said she was employed with an annual income of £38,800, was a homeowner and that the loan was for debt consolidation. Mrs C's income was verified using credit reference agency data and a monthly net income of around £2,273 was identified.

A credit check was carried out which showed Mrs C had a historic default and county court judgment. These had no outstanding balances recorded and given when they occurred, I do not think these meant that the lending shouldn't have been provided. As Mrs C's more recent credit data didn't raise concerns, with her accounts being up to date, and noting the size of the loan and its term and the size of the repayments compared to Mrs C's income, I think the checks carried out were proportionate.

I have looked through the results of the checks to assess whether, based on the information received, it was reasonable that Likely Loans provided the loan. Mrs C's net monthly income was verified as £2,273. Her monthly credit commitments based on her credit file were around £259. She had a joint mortgage and so I find it reasonable 50% of this cost was attributed to her, giving monthly repayments of around £385. Likely Loans estimated Mrs C's living costs to be around £535. Deducting these amounts and the Likely Loan repayments would leave around £936 disposable income for Mrs C's other costs. I find this a reasonable amount of disposable income and so, in this case, I do not find that I can say Likely Loans was wrong to provide loan one.

Loan 2: September 2022

Mrs C was provided with a second loan by Likely Loans in September 2022. Given this was a second loan, Likely Loans had information available to it about how Mrs C had managed her previous loan account. Mrs C maintained her loan repayments for loan one in 2019 but then experienced some difficulties which she explained were linked to her income being reduced due to Covid-19. Support was provided and Mrs C met the new agreed terms, and the loan was repaid in June 2022. So, while Mrs C had struggled to make repayments for a period of time, there were clear reasons for this and as she had maintained the payments that were agreed, I do not find I can say her account management meant that Likely Loans shouldn't provide further lending.

Before loan two was provided, Likely Loans gathered information about Mrs C's employment, income, residential status and the purpose of the loan. Mrs C said she was employed and a homeowner and that the loan was for debt consolidation. Mrs C's income

was verified using credit reference agency data and a monthly net income of around £3,439 was identified.

A credit check was carried out which showed Mrs C had a historic county court judgment (also identified in the loan one checks) and an account that had defaulted 25 months prior to the loan two application (after loan one was provided). There was an outstanding balance recorded for the defaulted account of £2,062. Given when the judgment and default occurred, and noting that Mrs C was up to date with her current commitments, I do not think these alone meant that the lending shouldn't have been provided.

Noting the size and term of the loan and the cost of the repayments compared to Mrs C's net income, I think the checks carried out were proportionate. While the credit check showed that Mrs C's accounts were all up to date at the time of the loan application it also showed that she had missed payments within the previous six months (worst recorded number was '2'). Given this, and the 36-month loan term, I think it was especially important that Mrs C had a clear buffer of disposable income to be satisfied that the loan repayments would be affordable for her over the loan term.

Mrs C's net monthly income was verified as £3,439. Her monthly credit commitments based on her credit file and including repayments towards her defaulted account balance were around £300. She had a joint mortgage and so I find it reasonable 50% of this cost was attributed to her, giving monthly repayments of around £611. Likely Loans estimated Mrs C's living costs to be around £700. Deducting these amounts and the Likely Loan repayments would leave around £1,718 disposable income for Mrs C's other costs. I find this a reasonable amount of disposable income and so, in this case, I do not find that I can say Likely Loans was wrong to provide loan two.

So, while I note Mrs C's comments about her other debt commitments and her mortgage repayments at the time of her applications, in this case I think the checks Likely Loans undertook, including an income verification and credit checks, were proportionate. As these didn't suggest the lending to be unaffordable for Mrs C, I do not find I can uphold this complaint.

I've also considered whether Likely Loans acted unfairly or unreasonably in some other way given what Mrs C has complained about, including whether its relationship with Mrs C 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 Likely Loans lent irresponsibly to Mrs C or otherwise treated her 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 this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 23 July 2025.

Jane Archer
Ombudsman