

The complaint

Mr B complains that Tandem Personal Loans Ltd trading as Oplo was irresponsible in its lending to him. He wants all interest and charges refunded along with statutory interest and any adverse information removed from his credit file.

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

What happened

Mr B was provided with a £5,000 loan by Oplo in December 2021. The loan term was 48 months and Mr B was required to make monthly repayments of around £180. Mr B said he had over £33,000 of existing non-mortgage debt at the time of the lending and that adequate checks weren't carried out before the Oplo loan was provided.

Oplo issued a final response not upholding Mr B's complaint. It said that his loan application underwent creditworthiness and affordability checks before it was provided and that an income and expenditure assessment took place. It said that Mr B's declared income was validated using a credit reference agency tool. It explained that although Mr B said he was living with family and renting out his house for £850 a month this additional income wasn't included. Oplo noted the result of its credit checks showed that Mr B had two historic defaults but that he had no recent missed payments or other adverse data recorded on his active accounts.

Oplo said that based on its checks Mr B had sufficient disposable income to afford the loan repayments.

Mr B referred his complaint to this service.

Our investigator thought that Oplo had carried out proportionate checks before the loan was provided and as these suggested the loan to be affordable, she didn't uphold this complaint.

Mr B didn't accept our investigator's view. He said that including the Oplo loan would result in him using around 47% of his monthly income to service his debt (excluding his mortgage).

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.

Mr B was provided with a £5,000 loan. The loan term was 48 months and he was required to make monthly payments of around £180. Before the loan was provided, Oplo carried out an income and expenditure assessment. It validated Mr B's income with a credit reference agency tool and used information provided by Mr B alongside third party and credit reference agency data to assess his expenses. A credit check was also undertaken.

Mr B declared he was employed with a monthly income of £2,304. His credit check showed that he had outstanding loans, credit card accounts, current accounts, a mail order account, a hire purchase agreement and a mortgage. Mr B had two historic defaults (from 2017 and 2016) but there were no arrears or missed payments recorded on his active accounts. Mr B said he shared expenses with his partner and that he was receiving £850 a month rental income. Based on Oplo's calculations (which excluded the rental income) Mr B had disposable income of around £437 after his costs, after the Oplo loan repayments.

Noting the size and term of the loan, the size of the repayments compared to Mr B's income, the amount of calculated disposable income after the repayments and the information gathered about Mr B's circumstances, I find the check carried out before the loan was provided were reasonable.

I have then considered whether the results of the checks raised any issues that meant the lending shouldn't have been provided. Mr B's income was validated and while I do not think any further checks were needed, I have looked at Mr B's account statements and these support the income declared. Mr B was asked about his expenses, and he explained these were split with his partner. Having looked through the amounts included in Oplo's calculations for Mr B's expenses including general living costs, I find these reasonable.

Mr B had a high amount of existing credit commitments when he applied for the Oplo loan. While his credit file reported historic defaults as he was maintaining his active accounts without any issues, I do not find the historic defaults meant the lending shouldn't have been provided. However, it was important to ensure that all of Mr B's existing credit commitments were included in the calculations. I have looked through Mr B's credit report and agree with Oplo's calculations of his credit commitments (including his share of the mortgage) being around £1,000.

Deducting Mr B's existing credit commitments and his share of general expenses from his salary (not including his declared rental income) would leave disposable income, after the Oplo loan repayments of around £425. I do not find that this suggests that the loan was unaffordable for Mr B.

So, while I accept Mr B was using a significant amount of his income to pay for his credit commitments, as he appeared to be managing his existing commitments without issues and the loan repayments appeared affordable for him, I do not find I can say that Oplo was wrong to provide this loan to Mr B. Therefore, I do not uphold this complaint.

I've also considered whether Oplo acted unfairly or unreasonably in some other way given what Mr B has complained about, including whether its relationship with Mr B might have been viewed as unfair by a court under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Oplo 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

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 June 2025.

Jane Archer
Ombudsman