

Complaint

Mrs B has complained about two loans which Plata Finance Limited (“Plata”) became responsible for. She says that these loans were unaffordable and so shouldn’t have been provided to her.

Background

Plata provided Mrs B with a first loan for £1,000.00 in November 2019. This loan was due to be repaid in 12 monthly instalments of £97.65. Mrs B settled this loan in full ahead of its intended end of term, in early March 2020.

In March 2020, Plata provided Mrs B with a second loan. This loan was for £12,500.00 and was due to be repaid in 48 monthly instalments of £393.66.

One of our investigators reviewed what Mrs B and Plata had told us. And he didn’t recommend that Mrs B’s complaint be upheld. Mrs B disagreed and asked for an ombudsman to look at her complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mrs B’s complaint.

Plata needed to make sure that it didn’t lend irresponsibly. In practice, what this means is Plata needed to carry out proportionate checks to be able to understand whether Mrs B could afford to repay before providing these loans.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Plata says it agreed to Mrs B’s applications after she provided details of her monthly income and some information on her expenditure. It says it cross-checked this against information on credit searches it carried out, which also provided details of the amount of funds Mrs B was receiving into her bank account each month. And all of this information showed Mrs B could afford to make the repayments she was committing to.

On the other hand, Mrs B has said she couldn’t afford the repayments.

I've carefully thought about what Mrs B and Plata have said.

The first thing for me to say is that Plata did carry out credit searches. These searches did show that Mrs B had some existing credit commitments but it's also fair to say that Mrs B had no indications of recent difficulty recorded against her. I say this as while Mrs B did have a settled county court judgment recorded against her, this was from almost three and a half years prior to her application for loan 1.

Furthermore, I've also considered what Mrs B has said about Plata's checks on her income. Plata cross-checked Mrs B's declaration against obtained information from credit reference agencies about the amount of funds going into Mrs B's bank account each month. While Plata didn't obtain payslips or anything like that, I don't think that it simply relied on Mrs B's declaration. It took steps to understand whether Mrs B's declaration was plausible and these checks suggested that it was. Therefore, I don't think that proportionate checks would have extended into Plata finding out more about Mrs B's income.

For the sake of completeness, I should add that at best, even if I were to accept that further checks were necessary, which I'm not necessarily persuaded is the case here, any such checks would only have gone as far as finding out more about Mrs B's actual regular living costs on loan 2.

And despite Mrs B having been given ample opportunity to do so, I've not been provided with anything that indicates that Mrs B's actual living costs substantially differed from the estimates that Plata used. In these circumstances, I've not been persuaded that Plata doing more before agreeing to provide loan 2 would in any event have led to it reaching a different decision on lending in this instance.

I've also kept in mind that Plata provided a second loan to Mrs B and that repeat borrowing in itself can sometimes be an indication of difficulty. But Mrs B had settled loan 1 early and prior to being provided with loan 2. Furthermore, the significantly differing amounts between loan 1 and loan 2 mean that it is difficult for me to reach the conclusion that Mrs B took loan 2 because repaying loan 1 left in her finances. Mrs B could instead have continued with loan 1 until the end of its term.

So while Mrs B being a repeat borrower here has led to me taking a closer look at the overall pattern of lending, I'm satisfied that it wasn't unfair for Plata to have provided loan 2 to Mrs B on the basis that it ought to have realised that it was increasing Mrs B's indebtedness in a way that was unsustainable or otherwise harmful.

In reaching my conclusions, I've also considered whether the lending relationship between Plata and Mrs B might have been unfair to Mrs B under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Plata irresponsibly lent to Mrs B or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

So overall and having considered everything, I don't think that Plata treated Mrs B unfairly or unreasonably when providing her with her loans. And I'm not upholding Mrs B's complaint. I appreciate this will be very disappointing for Mrs B. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mrs B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 13 October 2025.

Jeshen Narayanan
Ombudsman