

The complaint

Mr H complains about Fintern Ltd, trading as Abound, acting irresponsibly when providing a loan followed by top up loans.

What happened

On 31 March 2023, Mr H took out a loan with Fintern Ltd for £5,000 to consolidate his debt. The repayments were £181.27 for 35 months with the final repayment (month 36) being £177.84.

The loan agreement form identified Mr H's joint account as being the connected account that Fintern Ltd would analyse 'open banking' information to determine his disposable income.

On 6 November 2023, Mr H topped up the loan, borrowing a further £1,000 from Fintern Ltd. This top up loan repaid the loan of 31 March 2023 in full, and his repayments changed from 6 November 2023 to £181.28 for 38 months, with the final repayment (month 39) being £151.48. Mr H's joint account remained the connected account.

On 30 April 2024, Mr H topped up the loan again, borrowing another £2,000 from Fintern Ltd. This top up loan repaid the loan of 6 November 2023 in full, and his repayments changed from 30 April 2024 to £181.28 for 58 months, with the final repayment (month 59) being £4.54. Mr H's joint account remained the connected account.

In November 2024, Mr H told Fintern Ltd that he was struggling to make the agreed repayments.

In December 2024, Mr H complained to Fintern Ltd as he felt the loan was unaffordable. Mr H said that he already had several loans and a hire purchase in place. He considered that Fintern Ltd made an error by over-estimating his disposable income, basing his affordability assessment on a joint account. And Mr H said, *'at no point was this a joint loan'*.

Fintern Ltd didn't uphold his complaint. They explained the affordability checks they had completed. Also, that they took all necessary steps to ensure that he could afford the loan repayments. Also, that they were confident that the loan was offered responsibly and that all relevant checks were made to confirm his ability to repay.

Mr H brought his complaint to our service, but our investigator couldn't see that Fintern Ltd had done anything wrong.

Mr H remains dissatisfied, pointing out that the majority of the outgoing expenses from the joint account were his and not shared with the other account holder. So, this complaint has been referred to me to look at.

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.

Having done so, I'm not upholding this complaint and I'll explain why. In doing so, I've focused on what I think are the important points to reach a final decision.

The general approach to complaints about unaffordable and irresponsible lending including the key relevant rules, guidance and good industry practice is set out on this service's website.

Fintern Ltd needed to take reasonable steps to ensure it made responsible lending decisions. At each application to increase the limit they needed to pay attention to possible signs of vulnerability and act with appropriate care.

In practice, this means Fintern Ltd should've carried out reasonable and proportionate checks on Mr H's loan application, to ensure he would be able to repay it in a way which was sustainable.

Fintern Ltd needed to consider things like the amount of credit being applied for and the information Mr H provided about his financial situation. There isn't a set list of checks, but the Financial Conduct Authority (FCA) Handbook explains what it considers to be reasonable credit worthiness checks (CONC 5.2A), and proportionate checks (CONC 5.2A.20R).

In order to decide this complaint, I looked at everything Fintern Ltd considered, to see if their checks were proportionate and, if they were, whether they made a fair lending decision treating Mr H fairly.

Although there was only one loan, that had been topped up twice, I found that Fintern Ltd had completed three separate affordability assessments.

Before looking at each assessment, I considered whether Fintern Ltd had made an error in using Mr H's joint account to assess his income, expenditure and disposable income.

Although it's clear the loan wasn't a joint loan, from reviewing the file and Fintern Ltd's website, I'm satisfied that Mr H gave Fintern Ltd his joint account details and agreed this would be his connected account.

The connected account is important here as this is essential to make a loan application. This is because Fintern Ltd make it clear to all loan applicants that they use 'open banking' to assess income, expenditure and affordability. And in the loan agreement form that Mr H signed up to, Fintern Ltd:

- Said they don't do joint loans, but they do review joint accounts to determine suitability
- Explained 'open banking' and said:
 - *'you will be asked to agree to the AISP's Terms of Service for Open Banking connections'*
- Stated that under 'open banking' they will:
 - *'carry out affordability and credit assessments;*
 - *verify your income;*
 - *help us to make responsible lending decisions;'*

So, I don't think Fintern Ltd made an error or that customers should later be surprised to find that Fintern Ltd have both a policy and procedure to assess joint accounts.

Also, I don't think Fintern Ltd's approach to joint accounts is either unfair or unreasonable. I say this because Mr H has equal access to the money in the account. Also, Fintern Ltd apply the following when the connected account entered is a joint account:

- *'For affordability assessments based on joint accounts, we consider whether the income and expenditure shown in the account represents a joint income expenditure. Our approach is then to take 50% of the affordability based on the joint account and apply a factor of 50% to derive the level of disposable income attributable to the*

customer.'

Furthermore, file notes show that the original £5,000 loan application was to consolidate existing debt rather than to take out further credit.

Noting that Fintern Ltd use 'open banking' and that Mr H agreed for them to have access to his financial data, in the form of a joint account, I then looked at the three assessments Fintern Ltd completed.

Upon receiving each application Fintern Ltd viewed and considered a range of information, including current outstanding debt levels and reliability of repayments. And I couldn't see there was any record of any adverse information such as defaults, County Court Judgments (CCJs), insolvencies or outstanding payments to other creditors.

I could also see that they analysed digital bank statements and looked closely at income, spending habits together with financial stability over a fifteen month period, which I think is reasonable. Also, when looking at income, expenses and financial commitments they looked at six month averages.

In addition:

- I'm satisfied Fintern Ltd identified and analysed two salaries and child benefit and applied the above-mentioned factor of 50% to derive the level of disposable income attributable.
- At the point of assessing the two top up loans, Fintern Ltd would've seen Mr H had a good and clean repayment record. And I can't see any information on file that, until after the second top up loan, Fintern Ltd had any information that he was struggling.

Having looked closely at all their calculations I can see that Fintern Ltd undertook very detailed analysis to calculate the following disposable income:

- £695 when approving the original £5,000 loan
- £308 when approving top up 1
- £310 when approving top up 2

This analysis I've seen shows Fintern Ltd carefully considered the reason for the loan, repayments of revolving debt, changes to income (this includes both salaries and a slight increase at the point of top up 2) and expenditure. And, although the top up loans increased Mr H's overall indebtedness, the monthly repayments remained the same.

When considering these figures and that the original loan was to consolidate debt, I think these lending decisions were fair and reasonable. So, I can't agree they were unaffordable at the point they were taken out and I'm not upholding this complaint.

Finally, I'm sorry to hear that Mr H is now struggling to make the loan repayments and I'm pleased to see that he is engaging constructively on an arrears arrangement plan with Fintern Ltd.

My final decision

My final decision is that I'm not upholding this complaint against Fintern Ltd trading as Abound.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 29 May 2025.

Paul Douglas

Ombudsman