

The complaint

Miss W complains that Chetwood Financial Limited trading as BetterBorrow was irresponsible in its lending to her.

What happened

Miss W was provided with a £4,000 loan by BetterBorrow in December 2021. The loan term was 24 Months and Miss W was required to make monthly repayments of around £199.

Miss W said that at the time the loan was provided she already had multiple loans outstanding. She explained that through Covid she had an issue with gambling and that this, along with the large amount of debt she had recently taken on, should have been identified by BetterBorrow and based on this it should have realised that providing further credit wasn't responsible.

BetterBorrow issued a final response not upholding Miss W's complaint. It said that the details she provided in her application meant she met its eligibility criteria. It explained that it carried out various checks, including a full credit check and it checked Miss W's declared income and expenditure details against credit reference agency data. It said it was confident the loan repayments were affordable for Miss W.

Miss W referred her complaint to this service.

Our investigator thought the checks carried out before the loan was provided were proportionate. This means they thought the checks they carried out were fair based on the amount of the loan requested. As these checks didn't raise concerns about the lending, he didn't think that BetterBorrow acted unfairly by providing the loan.

Miss W didn't agree with our investigator's view. She said that given her high amount of debt and that her disposable income was only £90 a week, this wasn't a fair lending decision. She reiterated that she was gambling and said she had taken on additional debt in the months leading up to the BetterBorrow loan.

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 usual way of considering complaints about unaffordable or irresponsible lending – including the important rules, guidance and good industry practice – is on our website.

The rules don't set out what specific checks must be completed to assess if a customer can afford credit. But while the firm can decide what specific checks it wants to do, these should be reasonable and suitable to the type and amount of credit being agreed, the length of the term, the amount of the repayments and how often these are made, and the total cost of the credit.

BetterBorrow lent Miss W £4,000 in December 2021. The loan term was 24 months and

Miss W needed to make monthly repayments of around £199. Before the loan was given, BetterBorrow gathered information about Miss W's employment, income, residential status and carried out a credit check. Miss W said she was employed full time and declared an annual income of £36,000, giving a net monthly income of around £2,343. She said she had a mortgage with repayments of £237 a month.

The credit check results recorded Miss W as having £8,871 in credit card debt (utilisation of around 86%) and £1,068 in mail order debt. She also had £9,509 in outstanding loans. Total monthly repayments towards Miss W's unsecured debts were recorded as £711. While Miss W declared her mortgage cost as £237 the credit check returned a figure of £473. Miss W declared her monthly living costs as £473 but BetterBorrow's third -party estimates suggested a figure of £793. The higher figure was used in the calculation and it was reasonable to do so. Based on these figures, Miss W had a net disposable income after the BetterBorrow repayments of around £165. While this isn't a high amount to cover unforeseen costs, Miss W said the loan was for debt consolidation and based on this happening, her disposable income would have increased once the original debts were repaid.

Miss W's credit check didn't raise any concerns about how she was managing her existing credit and while the checks showed one settled short term loan, I do not agree this was enough to say that further checks were needed. While Miss W has noted an additional loan being taken out in July 2021, the credit check results noted only one credit search in the previous 12 months and no new accounts opened within the previous three months. Therefore, I do not consider these results should have raised concerns.

Based on the above reasons, I consider the checks carried out before the loan was provided were proportionate. As these suggested the lending would be affordable for Miss W, I do uphold this complaint.

Miss W has explained that she was gambling at the time. I understand that this was a difficult time and thank Miss W for sharing what she was going through and the impact this had on her health. However, I haven't seen any evidence to suggest that Miss W made BetterBorrow aware of her circumstances and the impact on her health at the time of lending. I can see evidence of gambling in Miss W's December 2021 bank statements. But as BetterBorrow didn't have copies of the bank statements, and would not have been required to request these, I can't say that BetterBorrow should have been aware of this.

I've also considered whether BetterBorrow acted unfairly or unreasonably given what Miss W has complained about, including whether its relationship with her 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 BetterBorrow lent irresponsibly to Miss W 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 Miss W to accept or reject my decision before 19 June 2025.

Jane Archer
Ombudsman