

The complaint

Mr H complains that Chetwood Financial Limited was irresponsible in its lending to him. He wants all interest and charges refunded along with statutory interest, and any adverse information regarding the loans removed from his credit file.

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

What happened

Mr H was provided with two loans by Chetwood the details of which are set out below.

Loan	Amount	Date	Term	Repayments
1	£1,000	December 2019	60 months	£26.76
2	£3,000	January 2022	72 months	£70.17

Mr H said that Chetwood didn't carry out adequate checks to ensure the loans would be affordable for him. He noted that he had other debts outstanding at the time of the borrowing.

Chetwood said that before lending it gathered information about Mr H's income and expenditure and carried out a credit check. It said that based on its checks the lending was affordable.

Mr H referred his complaint to this service.

Our investigator thought the checks carried out before the loans were provided were proportionate. As these suggested the loans were affordable for Mr H she didn't uphold this complaint.

Mr H asked for further details of the income and expenditure information Chetwood used. After being provided with this he requested his case be sent to an ombudsman for a final 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.

Mr H was provided with two loans by Chetwood, and I have considered each of these lending decisions separately.

Loan 1: December 2019

Mr H was provided with a £1,000 loan repayable over 60 months through monthly instalments of £26.76. Before the loan was provided, Chetwood gathered information about Mr H's income and expenses. It verified his income using credit reference agency data and his expenses were checked against third party data. A credit check was carried out and his payments to credit commitments taken from this. Mr H's monthly income was identified as £1,793.

Given the size of the loan and the monthly repayments compared to Mr H's income, I think the checks carried out were proportionate.

I have then considered whether the information Chetwood received through its checks raised concerns that meant the loan shouldn't have been provided.

Chetwood has said that the credit check showed no recent adverse information recorded for Mr H and the credit file Mr H has submitted doesn't provide evidence to contradict this. His monthly income was identified as £1,793 and he declared housing and living costs (including payments for costs such as bills, travel, food and clothing) of £1,200. His repayments for his existing credit commitments were taken from his credit file and recorded as £269 a month. Deducting these amounts along with the repayments for the Chetwood loan from Mr H's income would leave disposable income of around £300. Therefore, I do not find that the checks suggested the loan to be unaffordable and as I have no other evidence to suggest the loan shouldn't have been provided I do not uphold this complaint in regard to loan one.

Loan 2: January 2022

Mr H was provided with a second loan by Chetwood in January 2022. This loan was for £3,000 and required monthly repayments of £70.17. Given Mr H had an existing account with Chetwood, it was able to assess how he had managed this as part of its assessment. I have looked through Mr H's account statement for loan one and this showed that he had maintained his repayments towards the loan without any issues being noted.

Chetwood gathered information about Mr H's income and expenses and verified his income using a credit reference agency tool and checked his expenses against third party data. A credit check was also carried out. As with the previous loan, I think these checks were proportionate noting Mr H's previous account management and the size of the loan and repayments compared to Mr H's income.

I have looked through the information Chetwood received through its checks. It said that there was no adverse credit behaviour, and this is supported by the credit file Mr H has submitted. Mr H's declared monthly income of £2,683 was checked against the credit reference agency data. Mr H declared monthly housing costs of £350 and his living costs were estimated as £850. Mr H's repayments to existing credit commitments had increased since his previous loan application and were recorded as £792. However, I do not think this was enough to say that the Chetwood loan shouldn't have been provided. Deducting Mr H's housing and living costs and his credit commitments including the Chetwood repayments from his monthly income would leave disposable income of around £600. Therefore, I find

the results of the checks suggested the loan to be affordable for Mr H.

Based on the evidence provided, I do not find I can say that Chetwood was wrong to provide the two loans and therefore I do not uphold this complaint.

I've also considered whether Chetwood acted unfairly or unreasonably in some other way given what Mr H has complained about, including whether its relationship with Mr H 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 Chetwood lent irresponsibly to Mr H 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 H to accept or reject my decision before 7 July 2025.

Jane Archer
Ombudsman