Financial Ombudsman Service

The complaint

Mr S complains that OAKBROOK FINANCE LIMITED trading as Likely Loans was irresponsible in its lending to him.

What happened

Mr S was provided with two loans by Likely Loans the details of which are set out below.

Loan	Date	Amount	Term	Monthly repayment
1	November 2020	£1,000	12 months	£108.79
2	February 2022	£1,000	12 months	£115.96

Mr S said that Likely Loans failed to carry out adequate checks before the loans were provided. He said he was gambling excessively at the time and was heavily reliant on payday loans and his credit cards. Mr S said that proportionate checks would have identified that he was struggling financially and was in a cycle of debt. He said that the calculation by Likely Loans overstated his disposable income as it didn’t include his gambling losses or payments for short term debt. Mr S said the loans had prolonged his financial issues and had caused him emotional and financial distress.

Likely Loans issued a final response to Mr S’s complaint dated 9 December 2024. It said that affordability and credit checks were carried out before the loan was provided and that Mr S’s income was verified using open banking data. It said that based on its checks the loans were affordable.

Mr S referred his complaint to this service.

Our investigator didn’t uphold this complaint. She thought the checks carried out by Likely Loans before lending were reasonable and proportionate and supported the loans being affordable. She noted Mr S’s comment about his gambling but said that there was no indication of this at the time and as she didn’t think that Likely loans was required to request copies of Mr S’s bank statements she didn’t think it should have been aware of this.

Mr S didn’t accept our investigator’s view. He said that sufficient weight hadn’t been given to the evidence in his bank statements that would have been seen through open banking. He said his statements showed his excessive gambling and continuous credit use. He said that Likely Loans only using the open banking data to verify his income was a clear failing. Mr S also noted the comment that Likely Loans may not have been aware of certain data as it wouldn’t have been seen on Mr S’s credit file at the time. However, he said his open banking data would have shown his recurring credit payments and unstable financial position.

As a resolution hasn’t been agreed, this complaint has been passed to me, an ombudsman, to issue a 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 S was provided with two loans by Likely Loans, each for £1,000. Before the loans were provided, Likely Loans gathered information about Mr S's employment and income and his residential status. Mr S declared he was employed and his income was verified using open banking data (and a payslip for the second loan). Mr S said he was living with parents and third party data was used to estimate his living costs.

A credit check was undertaken and this showed Mr S had existing credit commitments. The repayments towards these were included in Likely Loans' affordability assessments. Mr S's credit check didn't identify any adverse data with no defaults or county court judgments recorded and Mr S's active accounts were all up to date.

Given the size of the loans (£1,000) and the repayments required compared to Mr S's income, and noting that Mr S's credit check didn't raise concerns about how he was managing his existing commitments, I think the checks carried out were reasonable and proportionate.

However, just because I think the checks were proportionate, it doesn't necessarily mean that I think it right that the loans were provided. To assess this I have looked at the information Likely Loans received to see if this should have raised concerns about the lending.

Loan 1: November 2020

The information gained through Mr S's application showed he was employed with an annual income of £41,000. Mr S's income was verified using open banking data and an net monthly income figure of £2,530 was identified and used in Likely Loans' calculations.

Mr S's credit report recorded three credit card accounts and a lease account as well as communications and current accounts. There were no defaults or county court judgments and while the was a '1' recorded for the worst status in the previous six months, all accounts were up to date at the time of the application. As well as the credit results provided by Likely Loans, I have looked at the credit file provided by Mr S and I do not find that either provide evidence which meant the loan shouldn't have been provided.

Likely Loans credit checks showed Mr S had £11,900 of debt outstanding of which £11,517 was revolving debt. While this was a high level of credit card debt, I do not find that compared to Mr S's income, his debt levels were such that I can say he was overindebted. The repayments due on his commitments were included in the affordability assessment as £664 which I find reasonable.

Mr S said that he was living with parents and included £10 as his housing costs. However, a higher number was included in the assessment along with an estimate for his living costs. Deducting Mr S's credit commitments, housing and living costs and the cost of the Likely Loans loan repayments left Mr S with disposable income of around £993. I find this supports the loan being affordable.

I note Mr S's comment about his disposable income not being as high as calculated due to his gambling losses and other credit costs. However, as noted above, I think the checks carried out before the loan was provided were reasonable and the credit costs were based on the results of these. Mr S's bank statements do show that he was gambling but I do not find in this case Likely Loans was required to request copies of his statements. I appreciate that Mr S thinks as his open banking data was used in the assessment this information was available to Likely Loans, but Likely Loans has explained the open banking data is used to verify the income figure. I appreciate Mr S doesn't think these checks were sufficient but given the size of the loan and the repayments compared to Mr S's income and noting the calculated disposable income, that Mr S was living with parents and his credit file didn't raise any serious concerns, I think these checks were reasonable. As the results of the checks didn't raise issues about the lending I do not find I can say that Likely Loans was wrong to provide loan 1.

Loan 2: February 2022

Loan 1 was repaid before loan 2 was given and so Mr S's previous account history was available to Likely Loans. While this showed unpaid direct debits the payments were always made without the account going into arrears and the loan was settled early. So, I do not find I can say Mr S's loan history raised any serious concerns.

Mr S declared his monthly net income as £3,000. A copy of Mr S's payslip was reviewed, and this supported the declared income, and open banking data was also used to verify his income. Based on these checks, Likely Loans included a net monthly income of £2,331 in its affordability assessment. Mr S had declared he was living with parents and didn't include any amount for housing costs, but Likely Loans included an amount of £106.84. Mr S said his living costs were £900.

The credit check undertaken didn't record any defaults, county court judgements or recent missed payments and Mr S's accounts were all up to date. Therefore, I do not think this suggested he was struggling financially at the time or that further questions needed to be asked. Mr S had total debt of around £13,600 which was all revolving credit. I note Mr S's comment about his use of short-term credit, and I can see he had taken out loans in the year prior to this application, but these had been settled. While I note Mr S's comment about more recent loans, I think in this case it was reasonable for Likely Loans to rely on the information received through its credit check and this didn't record any active short-term loans. Mr S was making use of credit cards, but he was managing his accounts, and his repayments for his existing credit commitments were included in the affordability calculations.

As I said above, while I note Mr S's comment about Likely Loans not reviewing his account data, I find that the checks it carried out were reasonable. Based on the affordability assessment, Mr S had sufficient income to meet the repayments due under the loan and so I do not find I can say that Likely Loans was wrong to provide this. I understand Mr S settled this loan early.

I've also considered whether Likely Loans acted unfairly or unreasonably in some other way given what Mr S has complained about, including whether its relationship with Mr S 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 Likely Loans lent irresponsibly to Mr S 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 S to accept or reject my decision before 2 October 2025.

Jane Archer
Ombudsman