

The complaint

Miss P complains Monthly Advance Loans Limited (MAL) lent to her irresponsibly.

What happened

Miss P complains MAL lent to her irresponsibly when they approved the loan below:

Date	Capital	Interest rate	Loan term	Monthly repayment
27 March 2023	£1,400	56.47%	24 months	£90.89

MAL investigated Miss P's concerns and issued their final response which explained they weren't upholding her complaint. They explained their checks showed the loan was affordable, and Miss P herself confirmed the loan repayments were affordable when she spoke to one of their advisers before the loan was approved. MAL acknowledged Miss P's circumstances might have changed since the loan was taken out, and shared she could speak with them about the options available if she's struggling to make her repayments. Miss P remained unhappy, so brought her complaint to our service.

Our Investigator looked into what had happened but didn't think Miss P's complaint should be upheld. She felt MAL's checks were reasonable and proportionate, and felt their results showed the loan was affordable.

Miss P disagreed with our Investigator and explained the lending was unfair before her income had reduced at the time she took out the loan. Our Investigator wasn't persuaded to change her mind, so Miss P's complaint was passed to me 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.

Having considered everything, I'm not upholding Miss P's complaint. I'll explain my reasoning below.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. This is something MAL is familiar with, and I've used this approach to help me decide Miss P's complaint.

MAL needed to make sure they didn't lend irresponsibly. In practice, this means they needed to carry out reasonable and proportionate checks so they could understand whether Miss P could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an "affordability assessment" or "affordability check".

The checks needed to be borrower focused – meaning MAL had to consider if repaying the credit sustainably and within a reasonable period of time would cause difficulties or adverse consequences for Miss P. It wasn't enough for MAL to consider the likelihood of getting their funds back – they had to consider the impact of the repayments on Miss P.

Checks also needed to be proportionate to the specific circumstances of the lending. There isn't a specific list of what constitutes proportionate affordability checks – rather it will depend on several factors, but not limited to, the specific circumstances of the consumer, and the amount/type/cost of credit they were seeking. And generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information they gather and what they do to verify it – in the early stages of a lending relationship. So, I've kept all this in mind when thinking about whether MAL did what they needed to before lending to Miss P.

Before agreeing to lend, MAL say they considered the income and expenditure Miss P declared in her online application and validated this with 90-days of bank statements from open banking.

The information declared by Miss P and gathered by MAL suggested Miss P had an average monthly income of just over £2,400. And after her expenditure was deducted, she was left with a disposable income of £323. Given the monthly loan repayments are £90.89, these checks suggested Miss P had enough disposable income to repay the loan.

Before approving the loan, MAL also called Miss P to understand the purpose of the loan and confirm her income and expenditure. During this call, Miss P explained the loan was for a holiday. MAL's adviser asked Miss P about her monthly income being lower than normal the month before, and Miss P explained that was due to being unable to work when she had a problem with her car. She also shared her monthly income would be going back to normal that month.

Miss P has told our service that her wages were lower than normal at the time she took out the loan because she hadn't been very well. However, this isn't something she shared with MAL – despite being given the opportunity to do so during the call I've listened to. In addition to this, there was nothing in the information available to MAL at the time of Miss P's application that would have alerted them to that fact. So, while I empathise with what Miss P was dealing with at that time, I don't agree MAL could have reasonably been aware of it. Moreover, the checks still showed Miss P had enough disposable income to afford the loan.

I've also not seen anything else in MAL's checks that suggested Miss P wasn't managing her other accounts well or becoming reliant on credit. As such, I don't consider additional checks were warranted before MAL made their lending decision. And given the checks suggested the loan was affordable for Miss P – and she confirmed so herself during her call with them, I'm satisfied MAL lent to her fairly.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think MAL lent irresponsibly to Miss P or otherwise treated her unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

If Miss P is struggling with her repayments, MAL has advised she can speak to them about a reduced monthly repayment plan – something that wouldn't require her to pay additional interest or fees. If this is something Miss P thinks might be helpful, she should contact MAL directly to discuss her options.

I know this isn't the outcome Miss P hoped for. But for the reasons above, I'm not asking MAL to do anything to put things right.

My final decision

My final decision is that I'm not upholding Miss P's complaint about Monthly Advance Loans Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 11 September 2025.

Sarrah Turay
Ombudsman