

The complaint

Mr M complains that OAKBROOK FINANCE LIMITED lent to him when he could not afford it. He says that proper checks would have revealed he has a gambling problem. Mr M wants the debt to be written off. Or he wants the interest to be removed and be offered an affordable repayment plan.

What happened

In January 2025 Mr M took a £15,000 loan from Oakbrook. It had an interest charge of £9,518.40 and is due to be repaid over a 60 month period. The total amount payable is £24,518.40. The loan is live, and the repayments are around £408 each month.

Mr M complained to Oakbrook which responded (FRL) giving reasons why it did not uphold his complaint. Mr M referred it to the Financial Ombudsman where one of our investigators considered that Oakbrook had done what it ought to have done. The complaint was not upheld and so it was passed to me to decide.

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.

Oakbrook needed to make sure it didn't lend irresponsibly. In practice, what this means it needed to carry out proportionate checks to be able to understand whether Mr M could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for checks to be less thorough – in terms of how much information is gathered and what is done to verify it – in the early stages of a lending relationship.

But we might think more needed to be done if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So, we'd expect a firm to be able to show that it didn't continue to facilitate a customer's loans irresponsibly.

In the application, Mr M had said that he needed the £15,000 to consolidate other debts. Mr M had told Oakbrook that he was self-employed and earned £72,000 a year before tax. He'd told them he was a homeowner and had lived there since 2012.

The final response letter (FRL) listed all the details that Oakbrook had about Mr M and what its own research had discovered. As his credit file was relatively clean with no recent adverse credit data Oakbrook has said that it considered use of the Office for National Statistics data (ONS) was satisfactory. Often ONS data is fairly accurate. As an example, Mr M had told Oakbrook his rent or mortgage was £350 a month and the ONS data provided a figure of £383 for the address Mr M had supplied. This is very similar.

I do not set out all the financial details on which Oakbrook relied in making its decision as both parties have the FRL and our investigator's view. The figures are in the FRL. Oakbrook calculated that Mr M had a disposable income of £103 a month after paying off all his existing credit, housing and non-discretionary committed costs. I have considered whether Oakbrook did enough.

Oakbrook has told us that it does not have a copy of the credit search results it did for Mr M in January 2025 as this was part of the computerised application process. But it has told us that his *'...credit file shows that at the time of lending he was meeting his commitments on all active accounts which were on 0 status and paying as expected.'* It has sent to me a summary of what it found and commented that the defaulted account was too far in the past for it to be a concern – 59 months before the application date.

The overall debt figure for Mr M from the Oakbrook credit search was £18,100 which included, credit cards, mail order, and four loans together with a telecoms account. Oakbrook has made the point that Mr M wanted the loan for debt consolidation and said:

'...he advised that the purpose of the loan was for debt consolidation. This loan would have paid off most of his active debt, which would have reduced his outgoings, as he would no longer be making the monthly repayments on them. We also included an inflation buffer to ensure the loan would remain affordable for the whole of the term.'

I would also like to point out that when we verified [Mr M's] income, the amount of £2,672 per month was a minimum amount, so it is likely that his actual monthly income was more than this.'

Oakbrook does have a point as the outstanding loan debt Mr M already had (four loans) was £13,818 for which he was paying around £518 a month. This loan from Oakbrook could have cleared those and reduced the repayments by about £110 a month.

Mr M had declared to Oakbrook that he earned around £72,000 a year. I note that Mr M seems to think that the monthly income figure was not £2,672 as Oakbrook has said, but I've seen nothing from Mr M to tell me what it actually was. I have reviewed some of the other complaint files we have for Mr M and if anything it's likely that his monthly income was more than the £2,672 Oakbrook had used. And so, I don't consider it fair or reasonable to criticise Oakbrook for being cautious in its income figure used when assessing affordability.

Following our investigator's view, Mr M has asked about the details surrounding Oakbrook being aware he was a homeowner. He had put that on his application form together with a moving in date of 13 January 2012. If his address and his credit file matched then Oakbrook would have had no need to ask further questions about the status of the ownership. I don't consider this would have been a reason to expect Oakbrook to think it needed to carry out more checks that it had done.

Mr M has made several submissions to us as to why he considers that the loan was approved irresponsibly. One is that he had two loans with one other lender and on the second loan (taken in February 2024) he succeeded in his complaint (brought to us) about that loan and now is paying a reduced sum. So, he's on an arrangement to pay. That may have shown on the credit search Oakbrook did but it may not have. The relevant point is that Oakbrook did do a credit search and took heed of the results it obtained. It has told us that Mr M had four loans at the time it did the search.

Mr M applied for this Oakbrook loan in January 2025, but the resolution with that other lender following his complaint was not done until late November 2024, and the short time between that resolution and the new loan application to Oakbrook in January 2025 may be a reason it may not have appeared in Oakbrook's search. It often takes at least eight weeks for changes to credit files to register with Credit Reference Agencies. In any event, Oakbrook

is not necessarily likely to have considered that being in a repayment plan on a loan (balance of about £3,000) was going to lead to a refusal of this loan application and/or that it needed to do more. It is used to lending to those with some adverse credit data.

Another point Mr M has made is that his bank statements were not checked. He says that if they had been '*...I would have been asked about the transfers, and asked for the [other bank] statements too, and I wouldn't have been given the loan*' as Mr M says that the other bank account statements would have shown compulsive spending in the form of gambling.

I consider that Oakbrook carried out proportionate checks and that having done that it made a fair lending decision. So, it had no need to ask for copies of any bank account statements. And even if it had it seems from Mr M's explanations to us that Mr M would have sent to it the set of statements not showing the gambling, but likely would have sent the statements from the account which would have shown *transfers* to another account. Again, that may not have precipitated Oakbrook to ask about the transfers. And so now this is venturing into the realms of speculation. I've no reason to consider that Oakbrook would have had any knowledge of or any suspicion of Mr M's gambling. Having taken the loan, Mr M would have had a 14 day period to change his mind and withdraw from the credit agreement if he had wanted to.

I have used the evidence I have received about the complaint to see if Oakbrook has carried out a fair lending decision following proportionate checks in line with the regulatory requirements. And I consider it has.

I've also considered whether Oakbrook acted unfairly or unreasonably in any other way and I have considered whether the relationship 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 it lent irresponsibly to Mr M 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.

I do not uphold the complaint. I realise Mr M will be disappointed.

My final decision

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 November 2025.

Rachael Williams
Ombudsman