DRN-5545813

The complaint

Mr R complains that OAKBROOK FINANCE LIMITED irresponsibly lent to him.

In bringing his complaint, Mr R is supported by a representative; but, for ease, I'll refer to all actions and submissions as being those of Mr R.

What happened

Mr R took out four loans with Oakbrook:

	Date	***Principle Amount***	***Term in months***	***Monthly Repayment***
Loan One	March 2019	£1,000	12	£106.50
Loan Two	September 2020	£1,000	12	£106.50
Loan Three (top-up)	June 2021	£1,402.32	18	£105.73
Loan Four	January 2024	£1,000	12	£102.44

In June 2024, Mr R complained to Oakbrook; he said, in summary, that it shouldn't have provided him the loans and that it didn't undertake enough checks to be aware of his full financial position. Oakbrook, in response, didn't uphold Mr R's complaint. It said it had undertaken sufficient affordability checks and reached a fair lending decision, for all loans, when it had agreed to provide Mr R credit.

Unhappy with this response, Mr R contacted this Service for an independent review. An Investigator here considered what had happened; having done so, they didn't think the complaint should be upheld. In summary, the Investigator said:

- Oakbrook had carried out reasonable and proportionate checks before agreeing to lend.
- The results of those checks hadn't highlighted any cause for concern over Mr R's ability to afford the loans.
- Nothing suggested that Oakbrook had acted unfairly in any other way.

Mr R disagreed, and he asked for an Ombudsman's decision. So, as no agreement has been reached, the complaint has been 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.

Having done so, while I know this will disappoint Mr R, I don't find that his complaint should be upheld. I'll explain why.

The rules and regulations in place at the time Mr R was provided the loans required Oakbrook to carry out a reasonable and proportionate assessment of his circumstances. That's to determine whether he could afford to repay what he owed in a sustainable manner. This practice is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be borrower focussed; that is, relevant to Mr R. So, Oakbrook would have to think about whether repaying the credit sustainably would cause him difficulties, or other adverse consequences. In other words, it wasn't enough for Oakbrook to just consider the likelihood of it getting the funds back – it had to consider the impact of any repayments on Mr R.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g.: their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Oakbrook did what it needed to before agreeing to lend to Mr R.

For each loan, before approving them, Oakbrook has told us that it asked Mr R to provide a declaration of his income and his expenditure; it then used its own internal modelling, and data from the Office for National Statistics ("ONS"), to help further establish those figures and, finally, it checked Mr R's credit file via information provided by a Credit Reference Agency ("CRA").

Oakbrook considered that the results of those checks didn't give it any pressing cause for concern and, overall, I'd agree with that view. Across the whole lending relationship between Mr R and Oakbrook, he declared a gross annual income of between £17,500 (in 2019) and around £32,000 (in 2024); Oakbrook discovered no recent adverse data recorded against Mr R and, for any of the loans, it found that Mr R wasn't left with below £360 in disposable monthly income.

Broadly then, with all of that in mind, my view is that the checks Oakbrook performed were proportionate. In the circumstances, and given the results of its checks, I'm not persuaded it would have been necessary for Oakbrook to request more information, or evidence, from Mr R before any of the loans were approved. Instead, I think the results of Oakbrook's checks suggested the loans were affordable for him; essentially, for each loan, results showed that Mr R was likely able to meet the required monthly repayments, even if some were required concurrently. So, in conclusion, based on the information gained via the proportionate checks it carried out, I can't fairly say that Oakbrook was wrong to approve any of the loans it provided Mr R.

I'm aware that Mr R, in discussion with our Investigator, has drawn particular attention to the chain of lending – specifically the time between each loan – as well as how his external debt was growing simultaneously, and how he'd missed payments elsewhere. Mr R has questioned how Oakbrook made fair lending decisions if it didn't take this information into account.
Those are all understandable aspects to point out, but I'm not persuaded that they change my view of what happened here. Nothing suggests to me that the length of time between each loan indicated a problem which Oakbrook ought to have taken note of. From what I've seen, Mr R had no issues with repaying any of the loans; moreover, while Mr R did have some external debt, I don't think – at any point in the lending relationship – that it gave Oakbrook reason for alarm.

By the time of loan four, for example, Mr R's external debt was at its highest – around £16,000 – and while that's not insignificant, nothing in Oakbrook's checks suggested Mr R wasn't managing it well. More broadly too, simply having existing debt elsewhere doesn't automatically mean that Oakbrook shouldn't lend. Similarly, previous missed payments elsewhere don't automatically, or categorically, preclude an individual from obtaining credit. Instead, lending decisions should be based upon the specific circumstances of each individual application and, here, I'm satisfied that Oakbrook made reasonable lending decisions based on data which it was entitled to rely upon.

To be clear, I'm not saying that Mr R wasn't – or isn't now – under some level of financial pressure; it's just that here, in these circumstances, Oakbrook didn't need to complete the level of checks required to discover that. Instead, I find that the level of checks it did carry out were proportionate to the amount being lent, the lending relationship, and the results of those checks. My view is that nothing Oakbrook discovered ought to have given it cause for concern, nor that it should've been prompted to further verify Mr R's wider financial situation.

As with any complaint, the key point to remember here is that it's only fair and reasonable for me to uphold a complaint in circumstances where I can conclude a business did something wrong. Here, for the reasons I've explained, I don't think that Oakbrook could have known that the payments for this loan were – or would become – unaffordable at the time of lending. So, for the reasons I've already given, I don't think Oakbrook lent irresponsibly to Mr R or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I don't uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 8 July 2025.

Simon Louth
Ombudsman