

Complaint

Mr L has complained about high-cost short-term credit instalment loans he took out with Western Circle Ltd (trading as “Cashfloat”). He says that these loans were unaffordable and so shouldn’t have been provided to him.

Background

This complaint centres on the provision of three high-cost short-term credit instalment loans that Cashfloat provided to Mr L. Mr L’s lending history is as follows:

Loan	Taken	Settled	Amount	Instalments	Payments
1	July 2023	October 2023	£300	4	1@ £84.45, 2@ £130.90 and 1@ £79.20
2	November 2023	November 2023	£300	4	1@ £112.50, 2@ £150.05 and 1 @ £74.95
3	August 2024	February 2025	£500	7	1@ £103.20, 5@ £139.10 and 1 @ £70.55

One of our investigators reviewed what Mr L and Cashfloat had told us. And he thought that Cashfloat hadn’t acted unfairly or unreasonably in providing these loans to Mr L. So the investigator didn’t recommend that Mr L’s complaint be upheld.

Mr L disagreed and asked for an ombudsman to look at the complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about short term lending on our website. And I’ve used this approach to help me decide Mr L’s complaint.

Having carefully thought about everything, I’ve not been persuaded to uphold Mr L’s complaint. I’d like to explain why in a little more detail.

Our approach to irresponsible and unaffordable lending complaints

Mr L was provided with high-interest loans, intended for short-term use. So Cashfloat needed to make sure that it didn’t provide them irresponsibly. In practice, what this means is that Cashfloat needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr L before providing it.

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 a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

But we might think it needed to do more 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 lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Cashfloat's checks before agreeing to lend to Mr L

Cashfloat says it agreed to Mr L's applications after he'd provided details of his monthly income and expenditure. It says the information Mr L provided on his income and expenditure showed that he'd be able to make the repayments he was committing to. And in these circumstances, it was reasonable to lend. On the other hand, Mr L says that the loans were unaffordable and shouldn't have been provided to him.

I've carefully considered what the parties have said.

Did Cashfloat act fairly and reasonably when providing loans 1 and 2 to Mr L?

It's fair to say that this isn't a case where the lender simply relied on information provided by a borrower at face value. The information Cashfloat has provided suggests that Mr L was asked to provide details of his income, was asked questions about his expenditure and that credit checks were carried out before all of these loans were provided.

Bearing in mind the amount of the repayments for loans 1 and 2, the questions Mr L was asked and this was at the beginning of Mr L's lending relationship with Cashfloat, I don't think it was unreasonable for Cashfloat to rely on the information Mr L had provided in deciding whether to advance these loans. This was particularly as there wasn't anything that was inconsistent or difficult to explain in the information that was gathered. I don't think that Mr L applying for a second loan after he paid his first one is in itself an indication that he was reliant on credit in the way that he says.

As the information gathered suggests that these loans were affordable for Mr L, I'm satisfied that it was fair and reasonable for Cashfloat to provide them to Mr L.

Did Cashfloat act fairly and reasonably when providing loan 3 to Mr L?

I'm mindful that there was a break of around nine months between loan 2 being repaid and Mr L's successful application for loan 3. This is important because I'm satisfied that the gap between loan 2 being repaid and loan 3 being taken meant that Cashfloat was entitled to treat this application afresh, rather than as a continuation of any previous cycle of lending.

It's also fair to say that by the time of loan 3 the information in Cashfloat's credit searches also suggested that Mr L's circumstances were relatively stable. Mr L didn't have any new defaulted accounts or other significant adverse information such as county court judgments recorded against him.

Furthermore, the credit checks showed that Mr L's total outstanding balances had reduced from just under £13,000.00 to just over £9,000.00. Equally, Mr L was using under 70% of the existing credit that was available to him at the time of his application for loan 3 in circumstances where this was close to 80% at the time he applied for loan 2. In these circumstances, I don't think that there was any obvious reason for Cashfloat to have doubted the accuracy of the information that Mr L provided for loan 3.

I accept that Mr L's actual circumstances may not have been reflected either in the information he provided, or the other information Cashfloat obtained. However, Cashfloat didn't know this and given the circumstances here I don't think that it could reasonably be expected to know this either.

Equally it's only really fair for me to uphold a complaint where I can safely say a lender did something wrong. And, in this case, I don't think that Cashfloat did anything wrong in deciding to lend to Mr L - it carried out reasonable checks even though Mr L now says that the information it had was inaccurate.

Cashfloat reasonably relied on the information it was provided with and given the amount of the repayments involved and the overall circumstances of Mr L's loan history, I don't think it was unreasonable for Cashfloat to lend – especially as there wasn't anything obvious, in the information it had, to suggest Mr L wouldn't be able to sustainably repay these loans.

Did Cashfloat lend to Mr L in circumstances where it ought reasonably to have realised that doing so was unsustainable or otherwise harmful for him?

In reaching my conclusions, I've also kept in mind that Cashfloat provided a total of three loans to Mr L and in some circumstances repeat borrowing in itself can sometimes be an indication of a customer borrowing in a way that is unsustainable. However, I think that there are a number of reasons why Mr L's pattern of borrowing doesn't in itself appear problematic here.

Firstly, as I've already explained there was a significant break of around nine months between loan 1 being repaid and loan 2 being provided. Mr L also settled loan 2 well ahead of the end of the scheduled term. Indeed, Mr L settled loan 2 the day after taking it out. I also think that it's also noting that loan 3 wasn't for much more than the amount advanced for loans 1 and 2. And was only ever indebted to Cashfloat for a total period of around nine months (three months for loan 1, one day for loan 2 and then six months for loan 3).

Bearing in mind it's common for an individual high-cost short-term credit loan to be provided for the total amount Cashfloat advanced Mr L, over a term equivalent to the entire period Mr L was indebted to Cashfloat for, I don't think that Cashfloat ought to have realised that Mr L was using these loans in a way that was unsustainable.

So while Mr L being a repeat borrower here has led to me taking a closer look at the overall pattern of lending, I'm satisfied that it wasn't unfair for Cashfloat to have provided these loans to Mr L on the basis that it ought to have realised that it was increasing Mr L's indebtedness in a way that way unsustainable or otherwise harmful for him.

Section 140 of the Consumer Credit Act 1974

Finally, I've also considered whether the lending relationship between Cashfloat and Mr L might have been unfair to Mr L under s140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I'm not persuaded that Cashfloat irresponsibly lent or treated Mr L unfairly bearing in mind all of the circumstances. And I haven't seen anything to suggest that s140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall, and based on the available evidence, I've not been persuaded that Cashfloat acted unfairly when providing Mr L with these loans. So I'm not upholding this complaint. I appreciate that this will be very disappointing for Mr L. But I hope he'll understand the reasons for my decision and that he'll at least feel that his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 13 October 2025.

Jeshen Narayanan
Ombudsman