

The complaint

Mr W complains that Metro Bank PLC trading as RateSetter was irresponsible in its lending to him. He wants all interest and charges he paid on his loans refunded along with statutory interest and any adverse information recorded about the loans removed from his credit file.

Mr W is represented by a third party but for ease of reference I have referred to Mr W throughout this decision.

What happened

Mr W applied for three loans from RateSetter, the details of which are set out below.

Loan	Date	Amount	Term	Repayment
1	March 2022	£5,000	36 months	£168.77
2	January 2023	£5,000	36 months	£175.60
3	November 2023	£5,000	24 months	£257.74

Mr W said that RateSetter didn't carry out adequate checks before providing the loan to ensure that it was affordable for him. He noted that he had other debts outstanding at the time.

RateSetter issued a final response to Mr W's complaint dated 7 August 2024. It said that when assessing a loan application, the three main considerations taken into account are the affordability of the loan, credit score and past credit history. It said that Mr W's applications all met its minimum lending and affordability requirements.

Mr W referred his complaint to this service.

Our investigator thought the checks carried out before the loans were provided were reasonable and proportionate. As she found these suggested the loans were affordable for Mr W, she didn't uphold this complaint.

Mr W didn't accept our investigator's view.

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 W was provided with three loans, each for £5,000. Before the loans were provided, RateSetter gathered information about Mr W's employment, income and residential status as well as asking the purpose of the loan. Mr W declared that he was self-employed and a homeowner with a mortgage. Mr W declared an annual income of £56,000 and this income figure was reduced after verification for loans two and three to £46,500 and £47,038 respectively. Mr W said the first loan was for home improvements and the second and third loans for debt consolidation. A credit check was also carried out which showed Mr W had other commitments but that he appeared to be managing these. Considering the size of the loans, and the repayments compared to Mr W's income and noting that his credit check didn't raise any serious issues, I think the checks carried out before the loans were provided were proportionate.

However, just because I think the checks were proportionate, it doesn't necessarily mean that the loans should have been provided. To assess that I have looked at the results of the checks received before each lending decision to understand whether these should have raised concerns that meant the lending shouldn't have been provided.

Loan one: March 2022

Mr W was provided with a £5,000 loan in March 2022. He declared an annual gross income of £56,000 giving a net monthly income of around £3,221. His credit commitments included a mortgage, hire purchase agreement, loans and credit cards. His mortgage repayments were £826 a month, his hire purchase £294 a month and his loan repayments totalled £232. Additionally, Mr W had outstanding credit card balances of around £2,819. This gave total monthly credit commitments (including Mr W's mortgage repayments) before the RateSetter loan of around £1,493. Deducting this from Mr W's income and noting the RateSetter loan repayments were around £169, I do not find I can say the checks suggested the loan to be unaffordable.

I have then considered whether there were other reasons why the loan shouldn't have been provided. However, looking through Mr W's credit file, he was managing his existing credit commitments without issues, while he did have other debts outstanding, I do not think his data suggested he was over indebted. Mr W was only using around 30% of his available credit card limits and the information I have seen does not show signs that he was struggling financially. Therefore, I do not find I can say that RateSetter was wrong to provide loan one.

Loan two: January 2023

Mr W was provided with a second £5,000 loan in January 2023. As Mr W had a previous RateSetter loan, RateSetter had information available to it about how he had managed his previous account. Looking at Mr W's statement of account, this showed he made his repayments for loan one without issue before settling the loan early in June 2022. Therefore, I do not find that Mr W's previous account management should have raised concerns, and I note there were around six months between Mr W settling loan one and applying for loan two.

When applying for loan two, Mr W's income was verified using his bank statements and an

annual figure of £46,500 was identified giving a net monthly income of around £2,823. His credit commitments included a mortgage, hire purchase agreement, loans and credit cards. His mortgage repayments were £826 a month, his hire purchase £294 a month and his loan repayments totalled £294. Additionally, Mr W had outstanding credit card balances of around £4,604. This gave total monthly credit commitments (including Mr W's mortgage repayments) before the RateSetter loan of around £1,645. Deducting this from Mr W's income and noting the RateSetter loan repayments were around £176, I do not find I can say the checks suggested the loan to be unaffordable.

Mr W's credit file showed he was managing his existing credit commitments without issues, and I note the purpose of this loan was noted as debt consolidation. Mr W was only using around 32% of his available credit card limits and the information I have seen do not show signs that he was struggling financially. Therefore, I do not find I can say that RateSetter was wrong to provide loan two.

Loan three: November 2023

Mr W made the repayments due on loan two until he repaid it early in May 2023 and I do not find his account management for the previous two loans raised any concerns. He then applied for this third loan in November 2023, around six months after he repaid his previous loan. His monthly net income was verified as around £3,000 which was in line with his previously identified income figures. Mr W had settled his mortgage and had taken out a second hire purchase agreement and a credit sale agreement. He still had outstanding credit card balances. His monthly credit commitments at this time (excluding the RateSetter loan) were around £980. Therefore, I do not find that the checks suggested the RateSetter loan, with repayments of around £258 a month would be unaffordable for Mr W.

Mr W's credit file didn't show signs that he was struggling financially. His credit card utilisation was around 23%. Therefore, I do not find I have evidence to say that RateSetter shouldn't have provided loan three.

I've also considered whether RateSetter acted unfairly or unreasonably in some other way given what Mr W has complained about, including whether its relationship with Mr W 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 RateSetter lent irresponsibly to Mr W 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 W to accept or reject my decision before 18 July 2025.

Jane Archer
Ombudsman