

The complaint

Mr H complains that Western Circle Ltd trading as Cashfloat gave him a loan he couldn't afford to repay

What happened

In July 2024, Cashfloat gave Mr H a £500 instalment loan. It was due to be paid back over seven monthly instalments and the highest repayment amount was £145.20.

Mr H argues that he was heavily overindebted at the time and so Cashfloat shouldn't have agreed the loan. He said that had it done further checks, including looking at his bank statements, it would have seen he was gambling heavily and so it shouldn't have lent to him.

Cashfloat considered Mr H's complaint, but didn't agree. It argued it completed proportionate checks before agreeing to lend and as a result of those checks, it was reasonable to lend.

Unhappy with Cashfloat's response, Mr H referred his complaint to our service. One of our investigators considered the complaint and didn't uphold it. They also thought Cashfloat had completed proportionate checks which suggested the loan was affordable for Mr H. Mr H didn't agree and asked for an ombudsman to consider the complaint. So, the complaint has been passed to me to consider.

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, I'm not going to uphold this complaint. I appreciate this will be disappointing for Mr H.

I've read everything that the parties have said, but I'll concentrate my comments on what I think is relevant. If I don't comment on a specific point it's not because I've failed to consider it, but because I don't think I need to comment in order to reach a fair and reasonable outcome. And our rules allow me to do this. This reflects the nature of our service as a free and informal alternative to the courts.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. I have used this approach to help me decide Mr H's complaint.

Cashfloat needed to make sure it lent responsibly to Mr H. It therefore needed to complete sufficient checks to determine if Mr H could afford to sustainably repay the lending. Our website sets out our approach to what we typically think when deciding if a lender's checks were proportionate. There is no set list of checks a lender should do, but there is guidance on the types of checks a lender could complete. However, these checks needed to be proportionate when considering things like the amount and term of the lending, what the lender already knew about the consumer, etc.

Generally, we think that earlier in a lending relationship it would be reasonable for a lender's checks to be less extensive. However, we might expect a lender to do more, for example, if a borrower's income was low or the amount lent was high.

Cashfloat has said that before agreeing this loan it asked Mr H for details of his income and expenditure, verified this using information from credit reference agencies and completed a credit search. The loan in question was for £500, to be repaid in seven monthly instalments. As explained above the highest monthly instalment was £145.20.

Having considered the types of checks Cashfloat completed, I think these were proportionate. It had gained a reasonable understanding of Mr H's regular income and expenditure, including existing credit commitments. Whilst the loan repayments were relatively low, I think the checks were sufficient given that the repayments needed to be maintained over seven monthly repayments.

However, it's not sufficient to simply complete proportionate checks. I would also expect Cashfloat to respond appropriately to the information the checks revealed. Mr H had declared he was employed earning a net monthly income of £2,150 and that he was living with his parents. Cashfloat has said it verified this using account turnover information (to see if the income figure declared was likely given deposits coming into Mr H's bank account). It also asked Mr H for information about his regular expenditure and increased these figures to account for Mr H's existing credit commitments. Based on its calculation, the loan looked comfortably affordable.

Turning to the results of the credit search, I can see Mr H has a number of closed high cost credit and short-term lending on his credit file. There are also several instalment loans outstanding. However, the repayments on the open loans are relatively low and there are no recent CCJs or defaults. The majority of the accounts also look to be up to date apart from one account which is slightly over its limit and one month behind in payments. I don't think it is uncommon in this sector of lending for applicants to have some adverse credit history. And taking into account the information on Mr H's credit file, I don't think this is sufficient to mean that Cashfloat shouldn't have lent to Mr H. Cashfloat has accounted for his existing credit commitments and added an additional buffer to his monthly expenditure. Taking everything into consideration, I think the results of the checks suggest it was reasonable to lend to Mr H. So I think Cashfloat made a fair lending decision.

I appreciate Mr H has said that if Cashfloat had looked at his bank statements it would have seen he was gambling heavily, and his actual position was that he couldn't afford to sustainably repay this loan. However, the relevant rules don't require Cashfloat to complete specific checks. The checks only need to be proportionate to the lending decision being made. And in the context of this £500 instalment loan, I don't think it was proportionate to expect Cashfloat to review Mr H's bank statements.

I've 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 Cashfloat lent irresponsibly to Mr H or otherwise treated him unfairly. 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

For the reasons explained, I don't uphold this complaint against Western Circle Ltd trading as Cashfloat.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 9 October 2025.

Claire Lisle
Ombudsman