

## The complaint

Mr R complains FUND OURSEVLES LIMITED (Fund Ourselves) provided him with three unaffordable loans.

## What happened

Mr R was provided with the following loans by Fund Ourselves:

Loan	Date	Capital amount	Term (months)	Monthly repayments	Total repaid
Loan 1	March 2023	£100	4	£49.00	£126.40 - repaid early in April 2023
Loan 2	March 2024	£100	4	£35.58	£108.64 – repaid early in April 2024
Loan 3	August 2024	£290	4	£122.34	£463.81 – repaid early in September 2023

Mr R complained to Fund Ourselves saying these loans were unaffordable and that it ought to have identified he was in financial difficulties, especially before providing loan three.

Fund Ourselves didn't uphold Mr R's complaint saying it made fair lending decisions when providing each loan. Mr R asked our service to review his complaint.

Our investigator reviewed the details and didn't uphold Mr R's complaint. She considered Fund Ourselves had completed reasonable checks and had gone on to make fair lending decisions when providing each loan.

Fund Ourselves didn't respond to our investigator's view; Mr R responded and didn't agree, asking for an ombudsman to review his complaint.

I recently issued a provisional decision where I set out, with reasons, my initial thoughts on this case and what I was intending to decide.

The below is an extract from my provisional decision:

*“We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website.*

*At the time Fund Ourselves provided these loans it needed to take reasonable steps to ensure they were affordable and sustainable for Mr R. There isn't a set list of checks Fund Ourselves needed to conduct, but we'd expect the checks to be proportionate to the terms of lending being provided. In practice this means we generally consider a lender's checks need to be less thorough at the early stages of a lending relationship – in terms of the information it obtains and looks to verify to reach its decisions. But if the lender identifies information through its checks which ought reasonably to cause concern, because for example the information suggests there's a higher risk of the lending being unaffordable or unsustainable,*

*we'd expect more detailed checks from the lender for it to be able to evidence it didn't lend to a customer irresponsibly.*

*I've used this approach to help me decide this complaint and I've set out my findings below.*

### *Loans one and two*

*In response to our investigator's view Mr R clarified his position, as he'd already set out when he initially referred his complaint to our service, that his main concern was about loan three. He said this as he considered his financial situation in the lead up to loan three was such that Fund Ourselves ought reasonably to have identified he was in financial difficulties and not lent to him. He also made reference to multiple applications with Fund Ourselves being declined, so he was surprised when it approved him with loan three.*

*As Mr R appears to be in acceptance of our investigator's findings in relation to loans one and two, I'm not setting out my findings for these loans in detail within this decision. However, for the avoidance of doubt, I agree with our investigator's conclusions that Fund Ourselves made fair lending decisions when approving loans one and two. I say this based on the stage of the lending relationship when these loans were provided, and the level of checks I consider were proportionate to the terms of lending being provided.*

### *Loan three*

*I've carefully considered Fund Ourselves' arguments in defence of its position that loan three was fairly provided; however, based on the evidence I currently have, I'm not persuaded it made a fair lending decision when providing Mr R with loan three.*

*I say this because I consider the credit check Fund Ourselves completed and has provided this service as part of its file suggests Mr R wasn't someone it should provide further finance to, no matter how modest the value.*

*Fund Ourselves has said given the time between loan two being repaid and loan three being provided it considers it a new chain of lending. I'm not persuaded with this argument. The gap in lending is about four months, and I don't consider that is enough of a gap for Fund Ourselves to consider it broke the previous chain of lending. So, I've considered loan three as a continual chain of lending from loan two.*

*While I think loans one and two were modest, and could be considered the start of a lending relationship with Fund Ourselves, therefore reasonably needing proportionately lower detailed checks, I can't agree the same is true for loan three.*

*Although again for a relatively modest value, loan three was almost three times the value of the previous loans. Mr R's level of existing debt could too be considered relatively modest standing at around £800; but with a total repayable value of nearly £500 for loan three should it run to term, Fund Ourselves would be increasing Mr R's total outstanding debt by a further 50%.*

*Looking over the information within the credit file Fund Ourselves obtained there were other signs that I consider ought to have caused it concern.*

*The information obtained showed Mr R had opened around 60 credit accounts across the previous six-year period, which is a significant amount. Around 50 were settled, however solely considering these numbers they do evidence a high volume of credit account turnover, strongly suggesting a reliance on short term credit. This is supported by the closed account*

*data within the credit file which generally shows small repayment terms between accounts being opened and closed.*

*In addition, Mr R had ten searches on his credit file recorded within 12 months, and seven within the last three months of this application. It also appears Mr R had opened around ten credit accounts in the 12 months leading up to loan three, with the majority being closed. I consider this adds further weight that it's reasonable to conclude this indicates a reliance on credit, as Mr R was actively searching and applying for credit in the lead up to loan three.*

*The credit file also shows adverse information with some accounts in a number of months of arrears, and one default. While this adverse is generally historic, being largely around at least 12 months prior to loan three, it does paint a picture of Mr R's management of credit, and that he'd experienced financial difficulties in the not-too-distant past leading up to loan three. So, I consider Fund Ourselves ought reasonably to have taken account of this information as part of its overall checks, given this indicated a greater risk of potential affordability and sustainability issues with the repayment of loan three.*

*Fund Ourselves has said its affordability checks suggested Mr R had a reasonable level of disposable income left each month to be able to sustainably repay this loan. Fund Ourselves took Mr R's declared income and expenditure figures as part of its checks, and has said it used a credit bureau service to assess the accuracy of the information. However, it didn't look to verify Mr R's actual income and expenditure.*

*I can't agree with Fund Ourselves' conclusion that Mr R appeared to have a reasonable level of disposable income each month to sustainably repay this loan. I say this based on Mr R's evidenced reliance on credit within the credit check Fund Ourselves completed. It doesn't follow that if Mr R had the level of disposable income Fund Ourselves suggested he did, that he would need to continually obtain short-term lending to meet his monthly expenditure.*

*Taking all the above into account I consider the information Fund Ourselves obtained evidenced an individual who was reliant on credit to meet their day to day living expenses. While loan three was for a relatively modest value, I think Fund Ourselves had access to enough information which suggested any further lending, no matter how modest, wasn't sustainably affordable for Mr R; and it therefore follows I don't consider it made a fair lending decision when providing Mr R with loan three.*

*Fund Ourselves said within its final response letter that Mr R had repaid each loan earlier than its agreed term, and that this doesn't indicate someone in financial difficulties. I can't agree with Fund Ourselves' conclusions here. There could be many reasons why an individual repays lending early. And in Mr R's testimony he's said he was borrowing money from many other lenders to repay existing borrowing he already had, which is in part evidenced within the credit file information. So, I don't agree with this argument put forward as part of Fund Ourselves' defence of the complaint."*

Mr R responded and accepted my provisional decision; Fund Ourselves responded and said it had nothing further to add.

### **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've not been presented with any new information or evidence which leads me to conclude I should depart from the findings reached within my recent provisional decision.

As such, for the reasons set out in my provisional decision, I'm satisfied Fund Ourselves didn't act fairly when providing Mr R with loan three, and it therefore needs to take action to fairly resolve this complaint.

#### Did Fund Ourselves act unfairly or unreasonably in any other way

I've considered whether Fund Ourselves has acted unfairly or unreasonably in any other way, including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974.

However, I'm satisfied the redress I'm directing in this case, as set out below, results in fair compensation for Mr R in the circumstances of his complaint. I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

#### **Putting things right**

As I don't think Fund Ourselves ought to have arranged loan three for Mr R, it follows I don't consider it's fair for it to be able to apply any interest or charges under the agreement. But I think Mr R should pay back the capital amount he borrowed. Therefore, I'm directing Fund Ourselves to take the following action to fairly resolve this complaint:

- Add up the total amount of capital Mr R received as a result of having been provided with loan three; the repayments Mr R made to loan three should be deducted from this amount.
- As this will result in Mr R having paid more than he received, the overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement).\*
- Remove any adverse information recorded on Mr R's credit file as a result of loan three.

\*HM Revenue & Customs requires Fund Ourselves to deduct tax from this interest. It should give Mr R a certificate showing how much tax it's deducted if he asks for one.

#### **My final decision**

My final decision is that I'm upholding Mr R's complaint about FUND OURSELVES LIMITED and I direct it to take the above action in fair resolution of the complaint.

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

Richard Turner  
**Ombudsman**