

The complaint

Mr M complains that Hastings Financial Services Limited trading as Hastings Direct, lent to him irresponsibly when they provided him with a personal loan.

What happened

In August 2024, Mr M took out a personal loan with Hastings. The loan was for £15,000, and was due to be repaid over 60 months, with a monthly repayment of around £333. In early 2025, Mr M complained. In summary, he said Hastings had irresponsibly lent to him and that sufficient checks – to ensure his affordability status – hadn't been undertaken. He said that at the time of taking out the borrowing, he had a history of gambling, and that Hastings should have taken this into account and not provided him with further credit on that basis.

Hastings didn't uphold the complaint. They said, in summary, that they had carried out checks proportionate to the amount being lent; those checks hadn't revealed any concerns, and on that basis, the loan had been provided. So, they were satisfied they had lent responsibly.

Mr M disagreed, he still thought that Hastings was wrong to have lent to him. So, he referred his complaint to this Service for independent review.

An Investigator here considered what had happened; having done so, he didn't think Hastings had done anything wrong. In short, the Investigator said:

- The checks carried out by Hastings were proportionate in the circumstances.
- The information gathered as a result of those checks wouldn't have given Hastings any cause for concern. And there was nothing that would have suggested to Hastings that Mr M was struggling financially and/or wouldn't be able to afford the repayments of this loan.
- Any financial struggles, which did materialise for Mr M later, wouldn't have been apparent to Hastings at the time it provided him with the credit.
- Overall, with that in mind, Hastings hadn't acted unfairly or unreasonably in giving Mr M this loan.

Mr M disagreed; but provided no further arguments. So, as no agreement has been reached by the parties, Mr M's complaint has now 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 this will no doubt disappoint Mr M, I agree with the findings of our Investigator for broadly the same reasons. I'll explain why.

The rules and regulations in place at the time Mr M was provided with the credit, required Hastings to carry out a reasonable and proportionate assessment. 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 M. So, Hastings had to think about whether repaying the credit sustainably would cause him difficulties, or other adverse consequences. In other words, Hastings had to consider the impact of any repayments on Mr M.

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 Hastings did what they needed to before agreeing to lend to Mr M.

Here, before agreeing to lend, Hastings checked data recorded with Credit Reference Agencies ("CRAs"); they relied upon information provided by Mr M in his application, and they carried out an affordability assessment. I've been provided with the results of Hastings' checks and, in my view, the data they gathered didn't suggest that there was any real cause for concern. Rather, information obtained from CRAs didn't show any recent defaults or County Court Judgments ("CCJs"); nor was Mr M subject to an Individual Voluntary Arrangement ("IVA"). It showed that all of his credit commitments were being paid on time, and there was no current or historic adverse information showing on his credit file.

Looking next at Mr M's income and expenditure, Hastings recorded that Mr M was a homeowner with a joint mortgage. They noted his monthly living expenses as around £1,069, which they reached from a combination of the £600 a month mortgage Mr M declared, as well as using data they obtained from the 'Office of National Statistics' (ONS) to estimate Mr M's monthly living costs - which it concluded were around £469. It then deducted this figure from his declared income of £47,500 per annum (which would have equated to approximately £2,950 per calendar month), which it verified using a credit bureau income verification product.

Based on the information it obtained, Hastings concluded that Mr M had around £750 of disposable income after deducting the monthly repayment for their loan - of £333. And there was nothing else to suggest to Hastings, that Mr M wouldn't be able to sustainably repay the credit provided here.

In reaching these figures, Hastings adjusted the monthly payment due towards their loan down, on the basis that Mr M had told them that he was intending to consolidate some of his existing debts with this loan. In other words, Hastings calculated Mr M's disposable income taking into account that some of his existing monthly credit commitments would be removed or reduced.

While I can understand Hastings' approach here, I don't think this is necessary the fairest way to calculate Mr M's disposable income. I say this because, Hastings' couldn't be sure that Mr M would have used the loan for that purpose, and that he would have definitely consolidated some of his existing credit. And I can't see that when the loan was granted, that Hastings paid off any of Mr M's credit directly. So, I think Hastings should have allowed for all of Mr M's monthly commitments to be deducted from his income, including the credit he

was looking to consolidate (without any adjustments to the new loan repayment), when calculating his disposable income.

That being said, even if Hasting's had done the above, and not adjusted down their monthly repayment, I think they would have likely concluded that Mr M still had almost £600 disposable income, after allowing for their £333 monthly repayment. So, keeping in mind the above costs, and, given that neither the CRA data, nor application or affordability data, raised any immediate concerns; I think the checks undertaken by Hastings before lending to Mr M were proportionate, and the information they gathered suggested that this loan was likely to be affordable for him. So, I wouldn't have expected Hastings to do any further checks or verification in these circumstances.

I appreciate the information Mr M has supplied now, suggests that his financial position may have been worse than Hastings concluded. But it's important to note, that I wouldn't have expected Hastings to carry out a full review of Mr M's circumstances, given the size of the loan it was providing, and the information they had already gathered through their checks.

And in these circumstances, I'm satisfied Hastings were entitled to rely upon the data they gathered as a result of their proportionate checks. So, while I appreciate there may have been some disparity between Mr M's actual financial position at the time of the lending, and the information Hastings obtained, I've seen nothing to suggest that Hastings' checks needed to go further based on the credit information they saw.

I am sorry to disappoint Mr M; I know this won't be the outcome that he's hoping for, and I certainly don't mean to downplay the impact he's said this matter has had on him. But it's for the reasons I've explained, that I don't think Hastings acted unfairly or unreasonably when they provided him with this personal loan. So, it follows that I'm not upholding this complaint.

Separately, whilst I'm not upholding the complaint, I do want to remind Hastings of their obligation to exercise forbearance moving forward. I would certainly encourage Mr M to keep in regular contact with Hastings about any difficulties he's now facing in maintaining any outstanding repayments that may be owed.

Finally, I've also 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 Hastings lent irresponsibly to Mr M 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 Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 September 2025.

Brad McIlquham
Ombudsman