

## **The complaint**

Miss A complains the My Finance Club Limited (“MFC”) shouldn’t have provided her with the credit facility due to her circumstances.

Miss A is represented by a professional third party, but for ease of reference I’ll mostly refer to Miss A throughout.

## **What happened**

In September 2021 Miss A applied for a short-term loan with MFC. It was for £400 and the term of the loan was 38 days. The amount required to settle the loan was around £521.

The loan wasn’t repaid when due, and as of the date the complaint was referred to our service remained outstanding with a balance owed of £800.

In January 2025, Miss A complained to MFC. She said she believed MFC failed to conduct a reasonable assessment of her creditworthiness prior to entering into the agreement. MFC replied rejecting the complaint. They believed they’d obtained sufficient information, and what was gathered didn’t show any indicators that Miss A may be unable to afford the loan being provided.

Miss A didn’t agree, so the complaint was referred to our service. An Investigator here looked into things. They said the MFC reviewed Miss A’s income and expenditure, and verified that the income was correct, and also reviewed her credit data which showed low debt-to-income and no adverse data. Having done so, the Investigator was satisfied that the checks were proportionate and the decision to lend to Miss A was fair.

Miss A responded to the view disagreeing – she felt they should’ve done more to verify the expenditure. Because an agreement couldn’t be reached, the complaint has 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, I’ve reached the same conclusion as the Investigator for the same reasons. I appreciate this is likely to come as a disappointment to Miss A, but I’ll explain how I’ve reached that outcome below.

We’ve set out our general approach to complaints about short-term lending – including the key relevant rules, guidance and good industry practice – on our website. I’ve referred to this when considering Miss A’s case.

MFC needed to make sure it didn’t lend responsibly. In practice, what this means is MFC needed to carry out proportionate checks to be able to understand whether Miss A could afford the make the repayment she was committing to before providing this loan.

Our website sets out what we typically think about when decision 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 it – 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.

MFC provided Miss A with a single loan which was due to be repaid in a single payment of £521.60. From what I've seen, Miss A was asked to provide information about her monthly income and expenditure. They verified the income and also completed a credit reference check.

There was some adverse information showing on the credit reference agency (CRA) information fairly recently, but was up to date at the time the loan from MFC was provided. There were no defaults or County Court Judgements (CCJs). Miss A's external debt was low – at around £1,900 and she received a good monthly income of around £3,100 – which was verified by MFC.

Miss A was asked for detailed information regarding her monthly expenditure. I don't think it's unreasonable to expect MFC to rely on the information Miss A had provided them with, particularly for a small loan of £400.

I'm not disputing Miss A was facing financial difficulties at the time, but what I've had to consider is was there a way MFC ought to have been aware of this based on the information they gathered, and was the information they did gather proportionate to the amount being lent. And overall, I'm satisfied their checks were proportionate and a fair decision to lend was made.

In reaching my conclusions, I've also considered whether the lending relationship between MFC and Miss A might have been unfair to Miss A under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that MFC did not lend irresponsibly when providing Miss A with the loan. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

So while it'll likely come as a disappointment to Miss A, I won't be upholding his complaint against MFC for the reasons explained above.

### **My final decision**

It's my final decision that My Finance Club Limited didn't act unfairly when providing Miss A with a loan.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 22 July 2025.

Meg Raymond  
**Ombudsman**