

The complaint

Mr N complains that OAKBROOK FINANCE LIMITED (OAKBROOK) acted irresponsibly when providing him with a loan. Mr N is represented in this complaint, but I'll refer to him as it's his complaint.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In December 2018, Mr N took out a £2,000 loan with OAKBROOK for a car and / or repairs. The repayments were for £151.92 a month for a period of 24 months with an interest rate of 89.9% per annum.

In December 2020, Mr N repaid the loan.

In December 2024, Mr N complained to OAKBROOK saying that they made an unsuitable lending decision. Also, they acted irresponsibly as he didn't have the disposable income and was reliant on an overdraft facility he had with his bank. Mr N explained that this lending decision impacted on his mental health and resulted in a breakdown of relations. The outcome he is seeking is a refund of the £1,646.08 interest he paid on the loan and removal of any adverse information from his credit file.

As OAKBROOK didn't uphold his complaint Mr N escalated it to our service.

Our investigator considered his complaint but didn't uphold it.

As Mr N remains dissatisfied his complaint has been referred to me to look at.

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, whilst I'm very sorry to hear about Mr N's financial difficulties and the impact on him, I'm not upholding this complaint. And I'll explain why.

I'll focus on what I think are the important points to reach a final decision. But I've carefully considered all the points both parties have made, even though I don't specifically address them all.

The general approach to complaints about unaffordable and irresponsible lending including the key relevant rules, guidance and good industry practice is set out on this service's website.

OAKBROOK needed to take reasonable steps to ensure it didn't lend irresponsibly. Rather than approach Mr N's loan application from the perspective of the likelihood of getting its money back, they had a responsibility to ensure that the repayments wouldn't cause him undue difficulty or significant adverse consequences.

That meant Mr N should've been able to meet repayments out of his normal income without having to borrow to meet the repayments, without failing to make any other payments he had a contractual or statutory obligation to make and without the repayments having an adverse impact on his financial situation.

OAKBROOK checks also had to be "proportionate" to the specific circumstances of the credit application. In general, what constitutes a proportionate check will depend upon a number of things including – but not limited to – the particular circumstances of the consumer (e.g. financial history, current situation and outlook, and any indications of vulnerability or financial difficulty) and the amount/type/cost of credit.

In light of this, I think that a reasonable and proportionate check ought generally to have been more thorough:

- The lower a customer's income (reflecting that it could be more difficult to make any repayments to credit from a lower level of income)
- The higher the amount due to be repaid (reflecting that it could be more difficult to meet higher repayments from a particular level of income)
- The longer the period of time a borrower will be indebted for (reflecting the fact that the total cost of the credit is likely to be greater and the customer is required to make repayments for an extended period)

Did OAKBROOK carry out reasonable and proportionate checks?

With all the above in mind, I looked closely at everything OAKBROOK considered, to see if their checks were proportionate and, if they were, whether they made a fair lending decision when approving Mr N's loan.

I found that OAKBROOK:

- Verified Mr N's monthly net income through the Current Account Turnover (CATO) service, which monitors the funds being paid into his bank account.
- Obtained a Credit Reference Agency (CRA) report and this included the following important information:
 - Total credit commitments of £46
 - A County Court Judgement (CCJ) imposed 11 months previous with a £300 balance
 - A default applied 28 months previous
- Checked and deducted his credit commitments and expenditure information (after comparing data from the Office for National Statistics and using the higher figure) from his monthly net income and this showed his monthly disposable income after this loan was £669.28.

I consider the above information to have been proportionate for the loan amount and period and I think it gave OAKBROOK a good picture of Mr N's financial position so they could make a responsible lending decision.

Also, considering the information they had, I'm not persuaded that it would've been proportionate for OAKBROOK to have additionally requested bank statements which can be difficult to interpret.

In addition, the bank account analysis provided shows that Mr N's overdraft usage and debt built up considerably after the OAKBROOK loan in 2018.

Did OAKBROOK make a fair lending decision?

Although Mr N's credit report showed both a CCJ and a default, it showed a number of subsequent consecutive months where he had consistently made payments. Also, the disposable income OAKBROOK calculated, including the repayments for the loan he was applying for with them, didn't show that there was a risk he couldn't sustain all his credit payments.

In addition, OAKBROOK advertise themselves an alternative choice for customers who may have difficulty accessing mainstream lending because of adverse credit markers / scores.

So, it wasn't unusual for them to lend to a customers who had financial difficulties and, importantly, I think the combination of the checks, fairly high disposable income and recent positive payment history (in excess of 6 months) wouldn't have highlighted that the loan was unaffordable or would cause Mr N financial harm.

So, I'm satisfied OAKBROOK checks were proportionate, and I can't see their December 2018 lending decision was unfair or unreasonable.

From reviewing the available data, it is difficult to know when Mr N's financial difficulties occurred. And I can't see that Mr N informed OAKBROOK of any financial difficulties or asked for any support. So, I think it more likely than not that his financial difficulties occurred after OAKBROOK's 2018 lending decision.

I'm very sorry to hear of the difficulties Mr N is experiencing and appreciate he will be disappointed. However, as I don't think their lending decision was unfair or unreasonable, I'm not upholding this complaint against OAKBROOK.

My final decision

For the reasons I've given above, it's my final decision not to uphold this complaint against OAKBROOK FINANCE LIMITED.

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

Paul Douglas
Ombudsman