The complaint

Mr R, who is represented by a third party, complains that Oakbrook Finance Limited, trading as Likely Loans ('Likely Loans'), was irresponsible in providing him with five loans.

What happened

Mr R was provided with five fixed sum loan agreements between September 2020 and March 2024:

- Loan 1 was taken out in September 2020 for £1,000 with monthly payments of £100.94 over 12 months

- Loan 2 was taken out in August 2021 for £2,200 with monthly payments of £144.16 over 24 months

- Loan 3 was taken out in April 2022 for £2,000 with monthly payments of £131.05 over 24 months

- Loan 4 was taken out in February 2023 for £2,500 with monthly payments of £143.75 over 24 months

- Loan 5 was taken out in March 2024 for £3,500 with monthly payments of £205.05 over 24 months.

Mr R says at the time of taking out each loan he was already experiencing financial difficulties, notably from short term high-cost loans he was taking out to fund online gambling.

Likely Loans, having at first rejected Mr R's complaint, agreed to uphold the part of his complaint about Loan 2, saying that it ought to have done more to find out if that loan was affordable before agreeing to it. But for the other four loans Likely Loan maintained that they carried out the proper checks and that each of them was affordable.

Our investigator thought that Likely Loans had also failed to carry out reasonable and proportionate checks for loans 1 and 3. And he went on to make a finding that it hadn't acted responsibly in agreeing to them. But he thought that loans 4 and 5 looked to have been affordable.

Likely Loans didn't respond to our investigator's view within the timeframe given. Mr R and those representing him, however, him don't agree with our investigator's finding for loans 4 and 5. Essentially, they say there's evidence to show that loans 4 and 5 were also unaffordable.

The complaint has therefore been passed to me for a final decision.

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.

I’ve read and considered the whole file, but I’ll concentrate my comments on what I think is relevant. If I don’t comment on any specific point it’s not because I’ve failed to take it on board and think about it, but because I don’t think I need to comment on it in order to reach what I think is the right outcome.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr R’s complaint.
I won’t comment on the merits of Likely Loans’ lending decision for Loan 2, given that it has already made an offer to settle that part of the complaint in line with our usual approach.

I will now look at the merits of each of the other four loans in the order they were taken out.

Loan 1 – September 2020

Before granting the finance, Likely Loans asked Mr R about his income, checked his credit record and used statistical information to work out if the new loan was likely to be affordable. Mr R provided income details showing he was earning around £26,000 a year and confirmed that he was living with his parents. The credit checks completed by Likely Loans didn’t show any recent adverse information on his credit file, such as missed payments or accounts going into default. But it did show evidence of Mr R taking out further debt relatively recently. He’d taken out a short-term loan in June 2019 and between August 2019 and March 2020 he’d taken out 8 further short-term loans, 5 of which were taken in very short succession in early 2020.

To be clear, I agree that it’s fair to place some reliance on what Likely Loans found in its own credit check, which was carried out with Experian, a reputable credit reference agency. I know that Mr R may have taken out other borrowing as well, but I don’t think it’s reasonable to expect Likely Loans to have knowledge of borrowing that isn’t brought to its attention via the credit reference agency it uses.

Nevertheless, the information I’ve seen ought to have been enough to show that Mr R was regularly borrowing money from short-term high-cost lenders in the months before he was approved for this loan. This ought to have indicated to Likely Loan that it was likely Mr R was overly reliant on borrowing and that further borrowing may not have been sustainable for him. It therefore would have been reasonable and proportionate for Likely Loans to have got a more thorough understanding of Mr R’s financial circumstances before lending to him.

I also agree that it would have been proportionate for Likely Loans to have done more to verify Mr R’s financial circumstances such as by requesting copies of his bank statements. The three months of bank statements leading up to the lending decision do show heavy evidence of gambling. And I agree that it was at such a level – without evidence of sufficient income coming in to fund it – that Mr R could be seen not to have enough disposable income to sustainably afford to repay the new borrowing.

It follows that I agree that Loan 1 wasn’t sustainably affordable to Mr R.

Loan 3 – April 2022

For this loan, Mr R appeared to still be in the same employment and living with his parents, although his income had increased to around £32,000 per annum. Likely Loans again used a credit check and relied on statistical data, calculating that the new loan was likely to be affordable. Whilst it’s true that the credit check didn’t show any payment issues or other problems, Mr R was still taking out other short-term loans – notably in September 2021 and January 2022. So again, I think this ought to have prompted Likely Loans to have carried out better checks.

Mr R's bank statements in the run-up to the loan shows that large sums of money were being withdrawn, averaging around £4,000 per month. And there were a number of deposits being made, the size and timing of which suggest that Mr R was continuing to gamble heavily. I think this is something that ought to have prompted Likely Loans to ask Mr R what they were for. I would not necessarily have expected Mr R to willingly wish to provide details about these transactions. If it wasn't given satisfactory details by him though, it was open to Likely Loans to reconsider granting the credit. But I think, against a background of additional credit being taken out by Mr R after taking two other loans with them, that this was something Likely Loans needed to properly look into in order to make a fair lending decision. I say this notwithstanding that the amount being borrowed was relatively small in comparison to Mr R's bank transactions. I think that fact in itself raised a question as to why Mr R might be needing it.

So again, I think there was enough evidence and information for Likely Loans to see that Mr R was financially overstretched and there was a real risk that he wouldn't have sufficient disposable income with which to repay the loan. It follows that I think Likely Loans should ought to have been sufficiently concerned about whether Loan 2 together with Loan 1 were going to be sustainably affordable for Mr R. It therefore didn't act reasonably in approving them.

Loan 4 – February 2023

By this point Mr R's income had increased and was now around £35,000 per year. In addition, Mr R was earning further income from an online trading platform. This meant he had an average monthly income of around £2,300 – although I would add here that the very nature of the trading platform made the additional element less certain. Given his lending history, both with Likely Loans and elsewhere, I still think it ought to have carried out better checks. I say this notwithstanding that his credit file was clear and without any recent adverse markings.

I'm broadly in agreement with what our investigator found about Mr's financial circumstances at this point. Mr R was still living at home and told us he was contributing £350 a month towards household costs. Allowing for his credit commitments and other committed expenditure, Mr R would be left with a monthly disposable income of around £1,100. Also, Mr R's bank statements showed that by the time of this loan any evidence that he was continuing to gamble heavily was harder to identify. So I agree that the monthly loan repayments of £143.75 looked to be affordable alongside his other credit and typical monthly spending.

Those representing Mr R have said there's enough evidence to show that Mr R was continuing to gamble at a high level whilst attempting to conceal it in a number of ways. They also point out he was using the full available credit on his main credit card. Whilst I don't disagree that the pattern of transactions on his account might have prompted further enquiry by Likely Loans, I can't say for sure that what it saw would have been enough for Likely Loans to be concerned, especially given that he met their lending criteria and didn't have any significant issues arising from his credit history, both with them and other lenders. And I don't consider that Mr R's history and frequency of lending with Likely Loans revealed any other factors that might have prompted it to reconsider lending to him.

Loan 5 - March 2024

On his application Mr R said he was earning just over £26,000 per year. That's a monthly income of around £1,900. Likely Loans said it was higher, at around £2,200. His credit report showed two items of further borrowing being taken out in the months before the loan, but both were paid back within 2-3 months. Again, there were no adverse markings. In this instance, given his borrowing history and regular use of credit elsewhere, I think it would have been proportionate for Likely Loans to check that Mr R wasn't at risk of getting himself into financial difficulty. His regular reliance on borrowing suggests he may have been experiencing some issues with his finances. Also, his income had gone down since the last loan. So, whilst Likely Loans calculated that the new loan was likely to be affordable, based on his credit use and its own affordability calculations, I think better checks were again required.

In the three months before the loan, his bank statements show a heavy reliance on his overdraft. It was often close to or at its limit and when he was in credit it was only for a brief time. Over-reliance on an overdraft is always a potential issue of concern. However, it needs to be considered alongside his wider financial situation at the time. From looking at the statements, I don't see other significant factors to suggest the new lending might be unaffordable. I am not suggesting that Mr R's financial situation at this point was ideal or that he wasn't having to be careful with his spending. But I can't say that for this final loan, bearing in mind his solid credit history with Likely Loans and elsewhere, that it was irresponsible to lend to him or that there was enough to show or suggest that he wouldn't be able to repay the new credit sustainably.

To summarise, my decision is that I uphold this complaint for Loans 1 and 3. That means that, alongside Loan 2, Likely Loans is required to compensate Mr R for agreeing to lend to him. I've set out details of the compensation to be paid below. However, I am not upholding Loans 4 and 5 and so there's nothing more it needs to do for those.

I've considered whether the relationship between Likely Loans and Mr R might have been unfair under S.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed should be carried out for him results in fair compensation for him in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right – what Likely Loans needs to do

I agree with our investigator that this complaint ought to be uphold in part. Loans 1 and 3 should not have been approved. Likely Loans will be compensating Mr R for Loan 2, if it hasn't already. However, Loans 4 and 5 were likely to be affordable and so I am not upholding those parts of the complaint.

To settle Mr R's complaint, Likely Loans should therefore do the following:

- Refund all interest and any fees or charges that Mr R paid on Loans 1 and 3 (and Loan 2 if this has not yet been actioned), less any interest rebates he has already received for settling these loans early.

- Pay interest of 8% simple per year on any refunded interest and charges from the date they were paid until the date this complaint is settled*.

- Remove any adverse information regarding these loans from Mr R's credit file.

*HM Revenue & Customs requires Likely Loans to take off tax from this interest.
Likely Loans must give Mr R a certificate showing how much tax it's taken off if he asks for

one.

My final decision

My final decision is that I uphold this complaint in part. Oakwood Finance Limited, trading as Likely Loans, should take the actions set out above in settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 11 July 2025.

Michael Goldberg
Ombudsman