

The complaint

Mr P says Chetwood Financial Limited, trading as LiveLend, irresponsibly lent to him.

What happened

Mr P took out a loan from LiveLend for £10,000 over 24 months on 2 August 2019. The monthly repayments were £483 and the total repayable was £11,597.51.

Mr P says proper checks would have shown he was vulnerable with other debts to repay and problematic levels of gambling. He had to borrow more after this loan and his financial situation has caused him significant stress. Also, LiveLend did not support him when he was having repayment problems.

LiveLend says it completed adequate checks that showed the loan was affordable for Mr P. And it offered a payment holiday when Mr P asked for support.

Our investigator did not uphold Mr P's complaint. He said LiveLend ought to have done more but had it checked his actual income, outgoings, and payday loan commitments it could fairly have made the same lending decision. And LiveLend responded appropriately when Mr P was having financial difficulties.

Mr P disagreed with this assessment and asked for an ombudsman's review. He reiterated his initial complaint points as set out above.

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.

We've set out our general approach to complaints about unaffordable/irresponsible lending - including all the relevant rules, guidance, and good industry practice - on our website.

I think the questions I need to consider in deciding what's fair and reasonable in the circumstances of this complaint are:

- Did LiveLend complete reasonable and proportionate checks to satisfy itself that Mr P would be able to repay the loan in a sustainable way?
- If not, would those checks have shown that Mr P would have been able to do so?
- If so, did LiveLend make fair lending decision?
- Did LiveLend act unfairly towards Mr P in some other way?

The rules and regulations in place required LiveLend to carry out a reasonable and proportionate assessment of Mr P's ability to make the repayments under the agreement. This assessment is sometimes referred to as an affordability assessment or affordability check.

The checks had to be borrower-focused – so LiveLend had to think about whether repaying the loans would be sustainable. In practice this meant that LiveLend had to

ensure that making the repayments on the loans wouldn't cause Mr P undue difficulty or significant adverse consequences. That means he should have been able to meet repayments out of 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 a significant adverse impact on his financial situation. In other words, it wasn't enough for LiveLend to simply think about the likelihood of it getting its money back - it had to consider the impact of the loan repayments on Mr P.

Our website sets out what we typically think about when deciding 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 it didn't continue to lend to a customer irresponsibly.

I have reviewed the checks that LiveLend carried out prior to lending to Mr P. It asked about his monthly income (£3,619), his living and housing costs (£1,650) and his employment status (full-time employed). It checked his declared income using an external verification tool that reviews current account turnover over the last six and 12 months. It checked his declared living costs against external data and used the higher figure. It carried out a credit check to understand his credit history and ongoing credit commitments (£312). From these checks combined, it concluded Mr P could afford the loan and that he would be left with £1,174 disposable income each month.

I think these checks were initially proportionate, but based on the results of the credit check LiveLend ought to have checked Mr P's actual income and fixed outgoings and made sure it understood his payday loan usage before proceeding. I say this as it learnt Mr P had 31 settled payday loans and three active ones.

I have used bank statements to source this data as it is a reliable way to recreate what checking Mr P's actual income and non-discretionary costs would have shown. But I am not saying LiveLend needed to do exactly this. Had it carried out such checks it could have continued to rely on the income, housing and living costs Mr P had declared and it had verified. It would have learnt Mr P was in a cycle of using payday loans having spent on average £2,800 a month (based on the last three months) on them, and he had clearly been using them like this for some time.

However, had it asked Mr P about this reliance it would also have learnt he was taking out this loan for debt consolidation and intended to repay these debts. So I think it would have been reasonable for LiveLend to conclude its loan would most likely be financially helpful rather than harmful. This was the first time Mr P had taken out a loan from LiveLend, he did not have a history of borrowing for debt consolidation, failing to settle debts and returning to borrow again. So it could fairly have relied on what he would most likely have told it.

Excluding the payday loans, Mr P had only £1,191 of debt so after clearing them and taking on this loan he would be spending around 22% of his income on his unsecured debt each month - a level which I do not think ought to have concerned LiveLend. So, I think LiveLend could fairly have made the same lending decision had it completed better checks.

Mr P has said his gambling was problematic and his bank statements would have shown this. But a lender is not obliged to review bank statements. To be clear, I am not challenging Mr P's testimony that he was already experiencing financial instability at this time, just that it

would not have been proportionate in the circumstances of this application for LiveLend to carry out the level of financial review necessary to discover this.

Did LiveLend treat Mr P unfairly in some other way?

Mr P says he was not supported when he struggled to make his repayments. But when he requested a payment holiday LiveLend agreed. It provided the information he needed to make an informed decision and signposted multiple resources such as debt management charities in case Mr P needed more support. So I do not find any failings on its part in this regard.

Finally, I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think LiveLend lent irresponsibly to Mr P 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

I am not upholding Mr P's complaint.

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

Rebecca Connelley
Ombudsman