

Complaint

Mr B has complained about a personal loan Plata Finance Limited (“Plata”) provided to him. He says the loan was unaffordable and if his bank statements had been requested it would have been clear that he was taking this loan to fund his gambling addiction.

Background

Plata provided Mr B with a loan for £6,500.00 in December 2024. This loan had an APR of 17.7% and the total amount to be repaid of £8,907.82, which included interest fees and charges of £2,407.82, was due to be repaid in 47 monthly instalments of £185.58 and a final instalment of £185.56.

One of our investigators reviewed what Mr B and Plata had told us. She thought that Plata hadn’t treated Mr B unfairly and so didn’t recommend that the complaint be upheld.

Mr B disagreed and asked for an ombudsman to review complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Having carefully considered everything, I’ve decided not to uphold Mr B’s complaint. I’ll explain why in a little more detail.

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 B’s complaint.

Plata needed to make sure that it didn’t lend irresponsibly. In practice, what this means is Plata needed to carry out proportionate checks to be able to understand whether Mr B could afford to repay before providing this loan.

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 that it didn’t continue to lend to a customer irresponsibly.

Plata says it agreed to Mr B’s application after he provided details of his monthly income and some information on his expenditure. It says it cross-checked Mr B’s declaration of income against information that it obtained from credit reference agencies on the funds going into main bank account each month.

Furthermore, while the credit checks showed Mr B had some existing debts these were maintained reasonably well. And Mr B didn't have any significant adverse information – such as defaulted accounts or county court judgments (“CCJ”) recorded against him.

In Plata's view once reasonable repayments to Mr B's existing commitments were deducted from his monthly income, he had enough left over to make his payments to this loan and meet any reasonable living costs. So it considered that the information it gathered showed that Mr B could afford to make the repayments he was committing to.

On the other hand, Mr B has said he couldn't afford this loan and if Plata had requested his bank statements it would have seen this.

I've carefully thought about what Mr B and Plata have said.

The first thing for me to say is that Plata has provided the details of its credit searches. Plata having carried out credit checks shows that it didn't simply rely on what Mr B said and that it took some steps to check at least some of the information he provided in his application. Plata searches appear to show that Mr B's existing commitments were relatively well maintained. Crucially, according to the credit searches, Mr B's unsecured debt total at the time of the application was also reasonable in comparison to his income.

I accept that Mr B's actual circumstances may not have been fully reflected either in the information he provided, or the information Plata obtained. For example, I note that Mr B has now carried out a line-by-line analysis of his bank statements and in his view he didn't have enough left over for emergencies once the payments to this loan was deducted from his disposable income.

The first thing for me to say is that Mr B's analysis has been carried out with the use of bank statements and includes a granular assessment of his expenditure. I also acknowledge that if Plata had gone into the depth of checks Mr B appears to be saying it should have – obtaining bank statements – it's possible but by no means certain it may have seen Mr B's gambling and reached a different answer on lending.

However, the key thing here is that there was no requirement and there still is no requirement for a lender to obtain bank statements, for a single account let alone statements for multiple accounts which Mr B has now provided statements for, before providing unsecured lending to a customer. Indeed, this isn't even the position in where any lending is secured. So I'm not in a position to say that Plata should have obtained bank statements simply because Mr B now says that's what it should have done.

Equally, it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. Given the amount of the loan, the monthly payments and Mr B having no significant adverse credit information recorded against him, I don't think that reasonable and proportionate checks would have extended into the level of checks Mr B is suggesting. So while I accept that Mr B disagrees with this, nonetheless I don't think that Plata could reasonably be expected to be aware of his gambling, or his actual financial position at the time of the application.

As this is the case, I don't think that Plata did anything wrong when deciding to lend to Mr B. I'm not persuaded that proportionate checks, rather than a review of Mr B's bank statements which Plata did not have to carry out, would have shown that the monthly repayments required for this loan were unaffordable.

In reaching my conclusions, I've also considered whether the lending relationship between Plata and Mr B might have been unfair to Mr B under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Plata irresponsibly lent to Mr B or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having considered everything, I'm not persuaded that Plata acted unfairly or unreasonably towards Mr B in accepting his loan application. So I'm not upholding this complaint. I appreciate this is likely to be very disappointing for Mr B. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

Although I'm not upholding Mr B's complaint, I would remind Plata of its obligation to exercise forbearance and due consideration, given what Mr B has now said about his financial position, should he have difficulty making his payments going forward.

My final decision

For the reasons I've explained, I'm not upholding Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 January 2026.

Jeshen Narayanan
Ombudsman