

## **The complaint**

Mrs F complains that Chetwood Financial Limited trading as BetterBorrow (“BetterBorrow”) irresponsibly provided her with a loan and didn’t conduct sufficient affordability checks whilst she was struggling financially.

## **What happened**

BetterBorrow provided Mrs F with a loan for £10,000 in June 2022. The terms of the loan meant it was to be repaid over 48 months costing £281.

On 28 January 2025, Mrs F complained to BetterBorrow that it had lent to her irresponsibly whilst she was struggling financially. She felt that BetterBorrow hadn’t conducted sufficient checks and if it had, her financial situation would have been obvious.

BetterBorrow didn’t uphold Mrs F’s complaint so she referred it to us.

Our investigator concluded that BetterBorrow had conducted proportionate checks and had made a fair lending decision. Mrs F disagreed with this outcome.

As Mrs F disagreed with this outcome the case has been passed to me to make a 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.

Having done so, I’ve reached the same conclusion as that of our investigator, for broadly the same reasons and I’m satisfied that this complaint shouldn’t be upheld.

I’m aware that I’ve summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I’ve focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there’s something I’ve not mentioned, it isn’t because I’ve ignored it. I haven’t. I’m satisfied I don’t need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I’ve got is incomplete, unclear or contradictory, I’ve to base my decision on the balance of probabilities.

BetterBorrow will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don’t consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Having carefully looked at everything provided by both parties, I’ve decided to not uphold

Mrs F's complaint. I've explained why below.

*BetterBorrow's decision to lend to Mrs F*

BetterBorrow needed to make sure that it didn't lend irresponsibly. In practice, what this means is BetterBorrow needed to carry out proportionate checks to be able to understand whether Mrs F could afford to repay the loan she had applied for before granting it.

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.

BetterBorrow says it agreed to Mrs F's application after she provided details of her employment and salary and some information on her expenditure. It says it cross-checked this against information on a credit search it carried out and by using national statistical data. BetterBorrow said there was no recent adverse credit information prior to the applications such as defaults or delinquencies. In BetterBorrow's view all of this information showed Mrs F could afford to make the repayments she would be committing to.

On the other hand, Mrs F has said she was in financial difficulty and the loan shouldn't have been provided. Mrs F has also shared some sensitive personal information which I'm grateful for.

I've carefully thought about what Mrs F and BetterBorrow have said.

Mrs F declared she was working full time receiving a net monthly income of £3,494. BetterBorrow verified her income and used national statistical information to calculate her living costs. BetterBorrow concluded Mrs F had a disposable monthly income of around £1,281 after the new monthly loan amount of £249 had been taken into consideration.

But BetterBorrow didn't just simply accept what Mrs F said. It carried out credit searches which showed that Mrs F had no recent adverse information on her credit file that it could see. I don't think that it was unreasonable to rely on Mrs F's declarations after it confirmed her income and expenditure with the credit reference agency it used and using national statistical data, which suggested that the repayments were affordable. I say this as from the information BetterBorrow gathered and the evidence I've seen, Mrs F was left with a disposable income of around £1,281 a month after taking into consideration the new loan repayments. So I think a repayment of around £281 a month, in the absence of any concerning evidence, appeared affordable.

Mrs F told us that she had taken out a £25,000 loan with another provider a month before being accepted for this loan. But this wouldn't have shown on her credit report at the time of the application, and even if it had, given what appeared to be Mrs F's disposable income, I'm not convinced BetterBorrow wouldn't have still lent to Mrs F. Mrs F also told us that she was reliant on her overdraft each month. But despite this being the case, there was no adverse information within Mrs F's credit report which would have suggested to BorrowBetter that she wouldn't be able to afford the repayment going forward.

I accept that Mrs F appears to be suggesting that her actual circumstances may not have

been fully reflected either in the information she provided, or the information BetterBorrow obtained. Mrs F told us she was struggling financially at the time of the application and reliant on her overdraft and additional borrowing. However, Mrs F didn't make BetterBorrow aware of this until she made her complaint to it and nor would it have been evident from the information it obtained. I'm sorry to hear about what Mrs F told us was happening in her personal life at the time and I hope her circumstances have since improved.

But 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 monthly repayments, the disposable income that appeared to be left each month and the lack of other obvious indicators of an inability to make the monthly repayments in the information BetterBorrow did obtain, I don't think that reasonable and proportionate checks would have extended into requesting the information that would have shown Mrs F's personal issues at the time.

At best, even if I were to accept that further checks were necessary, which I'm not necessarily persuaded is the case here, any such checks would only have gone as far as finding out more about Mrs F's regular living costs. And I don't think that conducting a full financial review – which was really the only way that it might have been able to find out the full extent about Mrs F's circumstances - was the only way that BetterBorrow could have done this. But I think going as far as this would have been disproportionate given the circumstances. And given the fact that Mrs F wanted and applied for this loan, I'm not sure she would have disclosed her full financial situation in the knowledge that if she had, the loan may not have been approved.

As this is the case, I don't think that BetterBorrow did anything wrong when deciding to lend to Mrs F - it carried out proportionate checks (albeit I accept that Mrs F doesn't agree that these went far enough) and reasonably relied on what it found out which suggested the repayments were affordable.

So overall I don't think that BetterBorrow treated Mrs F unfairly or unreasonably when providing her with her loan. And I'm not upholding Mrs F's complaint. I appreciate this will be very disappointing for Mrs F as I can see that she feels strongly about this matter. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

#### *Did BetterBorrow act unfairly in any other way*

I've also considered whether BetterBorrow acted unfairly or unreasonably in any other way, including whether the relationship between Mrs F and BetterBorrow 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 BetterBorrow lent irresponsibly to Mrs F or otherwise treated her 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**

For the reasons given above, I'm not upholding Mrs F's complaint against Chetwood Financial Limited trading as BetterBorrow.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 20 October 2025.

Paul Hamber

**Ombudsman**