

## The complaint

Mr B is unhappy that he was declined for a loan he applied for with Payment Assist Ltd ('PAL').

## What happened

Mr B had previously been a customer of PAL. His previous loan wasn't a regulated credit agreement and Mr B had had difficulties keeping up payments. This resulted in PAL taking action to recover the missed payments. This loan was finally repaid in July 2024 – five months after the original end date of the agreement.

In December 2024, Mr B applied for a new loan with PAL. This loan was a regulated credit agreement. PAL declined the new loan because of the conduct of the original loan. Mr B wasn't happy with this decision and complained.

Mr B said he needed the loan for urgent repairs to his car, and this was impacting him being able to start a new job where he required use of a car. He also said that he was told in July 2024 that he'd be able to apply for a loan with PAL again in the future, but he felt that he'd been *"blocked forever."*

PAL didn't uphold the complaint. They said that lending decisions were made on a number of different factors, which included payment history. While all previous customers were welcome to apply for future finance with them, there was no guarantee that any application, from any customer, would be approved. Mr B wasn't happy with this response, and he brought his complaint to the Financial Ombudsman Service for investigation.

Our investigator said that PAL saying Mr B was welcome to reapply for finance didn't mean they would approve any future lending. They also said that financial businesses were able to make commercial decisions on the products and services they wished to offer and were entitled to apply approval criteria to any lending. And it wasn't our role to tell a business whether or not they should approve a loan.

The investigator also considered if PAL had treated Mr B fairly, and they thought they had. While the investigator appreciated the urgency of Mr B getting an answer to his complaint, given the need for repairs to the car, PAL answered his questions quickly, and provided a full written response the day after the complaint was made. This gave Mr B time to consider his options before he needed to start his new job.

So, the investigator didn't think PAL had done anything wrong, and they didn't need to take any further action.

Mr B didn't agree with the investigator. He said that PAL clearly hadn't sent over all the evidence, that we hadn't reviewed everything, and that he wanted all the phone calls reviewed by an ombudsman. Mr B also said that PAL had *"illegally blacklisted ... people who applied for me to help me out."*

Because Mr B didn't agree with the investigator's opinion, this matter has been passed to me to decide.

### **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 overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. In applying for a regulated credit agreement with PAL, Mr B was a prospective customer. This means we're able to investigate this complaint.

I'd also like to reassure Mr B that, when making this decision, I've fully reviewed all the evidence provided by both parties and have listened to the recordings of all the calls between Mr B and PAL regarding his application, decline, and complaint. However, as complaint handling is an unregulated activity and so, falls outside of our service's jurisdiction to consider, the way PAL handled Mr B's complaint hasn't been considered as part of my decision.

What's more, while I recognise Mr B has made reference to the way PAL had treated other people – he says they have been illegally blacklisted - a crucial part of our service and the way we consider complaints is that we look at the service provided by a financial business to their customer – or in this case a potential customer. In doing so, we consider each complaint on its own merits and its own individual circumstances. So, my decision will focus on the service provided by PAL to Mr B, and it won't be impacted in any way by how PAL may or may not have dealt with any other customers, no matter how linked to his complaint Mr B feels their situation is.

When Mr B made his application for a new loan, PAL declined this because of the payment history on his original loan. They have explained to Mr B, both over the phone and in writing, why this was the case. Different financial businesses apply different criteria when they are considering an application for finance. There are a number of factors that are taken into consideration, one of which is how a customer has repaid any previous credit. And a financial business is entitled to make a commercial decision based on their criteria and their appetite for risk, at any given time.

This is what PAL did when they considered Mr B's application. And, as Mr B didn't meet the criteria laid down by PAL at the time he made the application, they declined to lend. It's not our role to set out what criteria a financial business may apply – this is something they will do in conjunction with their regulator, the Financial Conduct Authority. Nor is it our role to tell a financial business that they should lend to someone who falls outside of their criteria. Instead, we consider whether the financial business applies their criteria fairly. And I haven't seen anything to show me that PAL unfairly applied their criteria to Mr B. As such, I don't think they did anything wrong by not agreeing to lend to Mr B.

For completeness, I've also considered if PAL treated Mr B fairly and reasonably when considering his application. I think they did, and I'll explain why.

Mr B has said that, in July 2024, PAL told him that he was welcome to apply for another loan with them. While I haven't seen anything to show me that was the case, and I note PAL have said that they didn't tell Mr B this, I think it's likely they gave Mr B this impression. I say this because, had PAL told him they would not lend to him in the future, he wouldn't have made the new application. What's more, advising someone that they can apply again in the future isn't giving some form of guarantee that any application would be successful – as I've said above, PAL were entitled to consider any application against their lending criteria in force at the time.

As such, even if PAL had given Mr B a firm indication that he could apply to them in the future, it doesn't mean that PAL were obliged to treat this application differently. And, as I've said, they didn't – they declined the application as it didn't meet their criteria.

What's more, PAL didn't take an unfair length of time to deal with Mr B's application, he received an almost instant answer. And, when he complained to PAL on 30 December 2024 – the day he made the application – they reviewed his application and phoned him back the same day to explain the outcome of this review, along with an explanation as to why. And PAL confirmed this in writing the following day. So, the entire application, review, and outcome process was dealt with in around 24-hours. And I don't think this was an unreasonably long timescale.

Finally, Mr B has said that he's been banned from borrowing from PAL again, and that a block has been put on his car to ensure no-one is able to apply for finance against it. However, I haven't seen anything to show me this is the case, and I haven't seen anywhere that Mr B was told this by PAL – either by phone or in writing. As I've said above, Mr B can apply for finance with PAL at any time, but PAL are also entitled to assess any application against their criteria in place at the time. As such, any outcome – acceptance or decline – is not guaranteed.

So, given the above, and while I appreciate this will come as a disappointment to Mr B, I'm not satisfied that PAL have done anything wrong, and I won't be asking them to take any further action.

### **My final decision**

For the reasons explained, I don't uphold Mr B's complaint about Payment Assist Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 21 July 2025.

Andrew Burford  
**Ombudsman**