

## **The complaint**

Mr E complains that Oakbrook Finance Limited, trading as Likely Loans ('Likely Loans'), was irresponsible in its lending to him. He wants all interest and charges applied to the loans refunded along with statutory interest.

Mr E is represented by a third party but for ease of reference I have referred to Mr E throughout this decision.

## **What happened**

Mr E was provided with three personal loans by Likely Loans.

Loan 1 was taken out in November 2020. The amount of credit was £1,000 and was to be repaid by way of 12 monthly payments of £99.60.

Loan 2 was taken out as a top up loan in July 2021. The amount of credit was £1,369.16 and was to be repaid by way of 18 monthly payments of £98.21.

Loan 3 was taken out as a top loan to clear loans 1 and 2 in February 2022. The amount of credit was £1,521 and was to be repaid by way of 18 monthly payments of £109.13.

Loan three was settled in March 2023.

Mr E said that adequate checks weren't carried out before the loans were provided and that he had other debt outstanding at the time. He also said that the loans weren't affordable.

Likely Loans said that affordability and creditworthiness checks were carried out before the loans were provided. It said the credit checks didn't raise any concerns and that its assessments showed the loans to be affordable for Mr E.

Mr E referred his complaint to this service.

Two investigators have looked into the borrowing. Both have found each of the loans to be affordable and so haven't upheld the complaint. Following the first investigator's view, Mr E said that proportionate checks would have shown he was already struggling financially, was reliant on high-cost borrowing and using his overdraft. Our investigator said that for each loan the checks showed that Mr E had enough disposable income for the lending to be affordable. Our second investigator reached the same key findings, although they considered that that given his credit history, Likely Loan ought to have carried out better checks for the first and second loans.

The complaint has therefore been passed to me or an ombudsman's 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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the business to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

As Mr E was provided with three loans by Likely Loans, I will consider each of these in turn.

#### *Loan 1: November 2020*

Mr E was provided with a £1,000 loan in November 2020. The loan term was for 12 months and monthly repayments of £99.50 were required.

Before the loan was provided, Likely Loans gathered information about Mr E's employment, income and residential status (he was at that time living with his parents). Mr E said he was employed and receiving a gross annual income of £26,000.

Although Mr E's income was verified using cross-checking with his bank account, the check with the credit reference agency showed he'd recently missed a payment. Other than that though, his recent borrowing hadn't shown any issues. Likely Loans estimated that, based on an income of around £1,700 and deducting his existing credit payment and estimated living and housing costs, Mr E would be left just over £500, so the new lending looked to be affordable.

The bank statements we've seen show his income as averaging out at just under £2,000 per month. And his typical outgoings, including the credit he owed, looked to be around £700 per month. Therefore, with the new borrowing costing him £99.50 per month, this loan looks to have been affordable for Mr E. He'd be left with a good level of disposable income after paying it. So even if Likely Loans had carried out better checks, I can't say that it acted unfairly.

#### *Loan 2: July 2021*

Mr E was provided with a second loan by Likely Loans in July 2021. Given this was a second loan, Likely Loans had information available to it about how Mr E had managed his previous loan account, which didn't suggest any difficulties with that. However, given that Mr E had missed two sets of payments on a credit account he held elsewhere, I agree some better checks were probably needed.

At this point, his bank statements show he was earning around £1,800 net each month and had around £1,000 in committed expenditure, including his existing debt and paying loan 1. So, despite an increased level of credit debt, he still looked to have a good amount of disposable income.

I agree that the existing arrears on another account wasn't enough on its own for Likely Loans to have decided not to lend to Mr E a second time around, especially given his good credit record with them to date. And I think, given that this loan was for a longer term than the first, it was important that Mr E had a clear buffer of disposable income to be satisfied that the loan repayments would be affordable for him over the loan term.

It follows that I don't think Likely Loans was wrong to provide loan two.

### *Loan 3: February 2022*

Mr E was provided with a third loan by Likely Loans in February 2022, this time for £1,521.50.

At this point, Mr E said he was earning a gross annual income of £30,000 which works out to be around a net income of £2,000 per month. This was again cross-checked with his bank account turnover. When Likely Loan looked at what Mr E's monthly living and housing costs were, they worked out at around £1,100, with another £270 to be added on for his monthly credit payments. Based on his income that show Mr E likely to have at least £500 available. For a new monthly payment of £109, that leaves a good margin of disposable income.

So, while I note the comments by Mr E and those representing him about his other debt commitments, I think the checks Likely Loans undertook were proportionate and the new lending looked to be affordable and something Mr E would be able to repay on a sustainable basis.

All of this means that I'm in broad agreement with the findings of the investigators who have looked at the complaint and think that for each of the three loans, Likely Loans made a fair lending decision. As these didn't suggest the lending to be unaffordable for Mr E, I do not find I can uphold this complaint.

I'd like to add here that I am very sorry to learn of the difficult circumstances Mr E has had to deal with, and I very much hope that his situation has since improved.

I've also considered whether Likely Loans acted unfairly or unreasonably in some other way given what Mr E has complained about, including whether its relationship with Mr E 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 Likely Loans lent irresponsibly to Mr E 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**

My final decision is that I do not uphold this complaint.

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

Michael Goldberg  
**Ombudsman**