

## **The complaint**

Miss L complains that My Finance Club Limited lent to her irresponsibly.

## **What happened**

In November 2024, Miss L applied for a loan with MFC. Her application was approved, and the funds drawn down; she borrowed £400, and she had to make one single repayment of around £600.

A few months later, in March 2025, Miss L complained to MFC. She said, in short, that the credit had been provided irresponsibly. MFC didn't uphold Miss L's complaint, citing that it was confident reasonable and proportionate checks had been carried out before agreeing to lend.

Miss L referred her complaint to this Service, and an Investigator here looked at what had happened. Having done so, they didn't think MFC had lent irresponsibly. They said that reasonable and proportionate checks had indeed been undertaken before lending and, moreover, the results of those checks hadn't highlighted any significant cause for concern which would cause MFC to decide not to lend. So, in conclusion, it hadn't acted irresponsibly and didn't need to take any further action.

Miss L disagreed, and she asked for an Ombudsman's decision. She reiterated her view that adequate checks hadn't been carried out; if they had been, Miss L thought her true position – which she now says was worse than what MFC's checks had uncovered – would've been revealed. Moreover, Miss L referenced her other costs – like those brought about by her medical condition – as reason why this loan was unaffordable; she thought MFC ought to have known about her circumstances, given notes on her credit file.

Our Investigator reconsidered, but they didn't change their mind. In short, they reiterated how proportionate checks had been carried out in the circumstances. While Miss L's position may well have been worse than MFC knew, it wasn't a failing that it hadn't discovered that. Miss L asked for an Ombudsman's decision. So, as no agreement has been reached, her complaint 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.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website, and I've taken this into account when deciding Miss L's complaint here. Fundamentally, MFC needed to make sure it didn't lend irresponsibly. In practice, what this means is that it needed to carry out proportionate checks to be able to understand

whether Miss L could make her payments in a sustainable manner before agreeing to lend. If the checks MFC carried out *were*'t sufficient, then I'll need to consider what reasonable and proportionate checks are likely to have shown.

Here, I think MFC did carry out proportionate checks; there's nothing either to suggest it provided the credit unfairly or irresponsibly. That's because:

- MFC took Miss L's declared income and verified it, so it could be confident the information she'd stated was likely accurate.
- MFC used Credit Reference Agency ("CRA") data to build a view of Miss L's existing credit commitments, and how she was managing them.
- Recorded CRA data suggested Miss L's existing commitments were up to date; her verified income against her declared outgoings showed she'd have enough disposable income to meet the repayments, and no County Court Judgments or Individual Voluntary Arrangements were recorded either.

Overall, based on the information MFC gathered and what it knew about Miss L's circumstances, there was nothing to suggest she was likely to be unable to sustainably repay what was being lent. Rather, the results of MFC's checks painted a broadly stable picture of Miss L's finances at the time. I will note that MFC took Miss L's declared expenses on face value; from what I've seen, these were very low – there's some argument to say it ought to have at least adjusted these in line with statistical data – but overall, I don't think that makes a difference. Miss L's verified income suggested she had a substantial amount of disposable income remaining; so, even if MFC had increased her declared expenses, I still think there would have been comfortably enough to afford the loan repayment here.

I know Miss L's opinion is such that MFC ought to have carried out more detailed checks into her finances before agreeing to lend. The fact is, though, that there are no fixed checks a business must complete when reviewing an application for credit. There isn't any requirement on a lender to review specific things such as bank statements, for example. So, I can't fairly say that MFC was wrong to not run those sorts of checks here; there was no regulatory requirement to do that, and I don't think the results of the checks MFC *did* run would've prompted it to go further.

Miss L has mentioned her wider circumstances and associated costs – for example, her medical condition – and I understand why she thinks this should make a difference. I don't, though, see things in the same way. From what I've seen, Miss L didn't declare anything to MFC about these circumstances when she applied for credit; moreover, even if Miss L's credit report does have a notice of correction outlining her medical condition, it was from several years before she applied for this loan, and MFC is entitled to interpret *all* of the available information. In any event, and just broadly speaking here, the existence of a medical condition doesn't categorically preclude an individual from obtaining credit – particularly if everything else suggests a stable financial situation. Overall, it isn't inherently unreasonable for MFC to have looked at Miss L's circumstances in the round. In my view then, MFC would've never uncovered the position Miss L says she was really in at the time. It simply wouldn't have known that her situation was worse than it appeared – and that isn't a failing, for the reasons I've explained. That will, of course, significantly disappoint Miss L; I'm in no doubt her circumstances were just as she's described. But it remains that MFC was entitled to rely upon the information available at the time and, as I've set out, I don't find that anything in the information it did gather ought to have prompted it to go further in its checks, or to reach a different lending decision.

Essentially, as with any complaint, the key point to remember here is that it's only fair and reasonable for me to uphold a complaint in circumstances where I can conclude a business did something wrong. Here, I don't think MFC could have known – or ought to have known – that this loan was unaffordable, or would become unaffordable, at the time of lending. So, for the reasons I've already given, I can't fairly conclude that MFC acted irresponsibly or otherwise treated Miss L unfairly in relation to this matter. It follows that I don't uphold the complaint. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

My final decision is that I don't uphold Miss L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 6 January 2026.

Simon Louth  
**Ombudsman**