DRN-5649544

The complaint

Mr M says Oakbrook Finance Limited, trading as Finio Loans, irresponsibly lent to him.

What happened

Mr M took out a loan from Finio Loans on 6 December 2024. It was for £2,500 over 24 months. The monthly repayments were £164.79 and the total repayable was £3,954.96.

Mr M says he already had five other credit cards and a loan, so this lending was irresponsible. He has a gambling addiction and this loan just enabled him to gamble more and put him further into debt. Better checks would have showed the lender his gambling was problematic.

Finio Loans says it completed adequate checks that showed Mr M could afford the loan.

Our investigator did not uphold Mr M's complaint. He said the lender's checks were proportionate and showed Mr M would be able to meet his repayments sustainably.

Mr M disagreed and asked for an ombudsman's review. He said Finio Loans has a duty to do further checks when appropriate, which would have been the case when he applied given the amount of his existing debt.

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/irresponsible lending - including all of the relevant rules, guidance and good industry practice - on our website.

Having carefully thought about everything, I think that there are two overarching questions that I need to answer in order to fairly and reasonably decide Mr M's complaint. These two questions are:

1. Did Finio Loans complete reasonable and proportionate checks to satisfy itself that Mr M would be able to repay the loan in a sustainable way without experiencing significant adverse consequences?

    - If so, did it make a fair lending decision?
    - If not, would those checks have shown that Mr M would've been able to do so?

2. Did Finio Loans act unfairly or unreasonably in some other way?

The rules and regulations in place required Finio Loans to carry out a reasonable and proportionate assessment of Mr M's ability to make the repayments under this agreement. This assessment is sometimes referred to as an affordability assessment or affordability check.

The checks had to be borrower focused – so Finio Loans had to think about whether repaying the loan would cause significant adverse consequences for Mr M. In practice this meant that business had to ensure that making the payments to the loan wouldn't cause Mr M undue difficulty.

In other words, it wasn't enough for Finio Loans to simply think about the likelihood of it getting its money back, it had to consider the impact of the loan repayments on Mr M. Checks also had to be proportionate to the specific circumstances of the loan application. In general, what constitutes a proportionate affordability check will be dependent upon a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, and any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they are seeking. Even for the same customer, a proportionate check could look different for different applications.

In light of this, I think that a reasonable and proportionate check ought generally to have been more thorough:

- the lower a consumer's income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the higher the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the greater the number and frequency of loans, and the longer the period of time during which a customer has been given loans (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable).

I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Mr M's complaint.

Before lending Finio Loans gathered information from Mr M and external sources. It asked for his income, employment status and housing costs. It verified his declared income externally with one of the credit reference agencies that reports on current account turnover. It estimated his living costs based on national statistics. It added a buffer for inflation. It checked his credit file to understand his credit commitments and repayment history. It asked about the purpose of the loan. Based on these checks combined Finio Loans concluded Mr M would have sufficient disposable income each month after taking on this loan.

I think these checks were proportionate give the term and value of the loan and the stage in the lending relationship. And I find Finio Loans made a fair lending decision based on the information it gathered. I'll explain why.

Finio Loans learnt that Mr M was employed with a net monthly income of £4,107.43. His declared housing and estimated living costs (including the buffer) were £1,568.85. His credit commitments were £319.33 leaving ample disposable income after taking on this new loan repayment. So, it was reasonable for Finio Loans to conclude the loan was affordable on a pounds and pence basis.

But Finio Loans also had be sure repaying the loan would not cause any financial harm to Mr M. He told us he was maxed out on his credit cards and was using payday loans. But the lender's credit check showed he had £5,986 of existing debt that was well-managed with no recent arrears. There were no pay day loans showing and Mr M's credit utilisation was around 70%. It can be that a consumer will see different data on their full credit file but I can only fairly expect Finio Loans to respond to the information its credit check returned.

There was some adverse data, but it was historic – a default from 66 months ago and a CCJ from 41 months before that was now settled. It was therefore reasonable for Finio Loans to conclude Mr M's financial position had stabilised. I don't think there were any signs of current or recent financial pressure that Finio Loans ignored, or that ought to have triggered more checks. Given Mr M's income level I do not agree with him that his debt level ought to have been concerning or led to a review of his bank statements.

To be clear I don't doubt Mr M's testimony that his gambling was problematic, but I cannot fairly find it would have been proportionate for Finio to complete the level of checks needed to discover this.

It follows I do not think Finio Loans was wrong to lend to Mr M.

I've also considered whether the relationship might have been unfair under Section140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Finio Loans lent irresponsibly to Mr M 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

I am not upholding Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 10 November 2025.

Rebecca Connelley
Ombudsman