

The complaint

Mr W, through a representative, says TM Advances Limited, irresponsibly lent to him.

What happened

Mr W took out a loan for £1,500 over 30 months from TM Advances on 15 March 2023. The monthly repayments were £159.

Mr W says TM Advances failed to conduct proportionate checks and could have done more prior to lending.

TM Advances says it conducted two credit searches and verified Mr W's income. It received bank statements for three different bank accounts that he used. It then spoke to him. The loan purpose, credit profile and explanations were all reasonable. These checks all showed the loan was affordable.

Our investigator did not uphold Mr W's complaint. He said TM Advances' checks were proportionate and it made a fair lending decision based on the information it gathered.

Mr W disagreed and asked for an ombudsman's review. He said TM Advances had a duty to make sure the debt consolidation was done correctly. And his full credit report shows signs of financial pressure such as late payments, overlimit instances, use of cash advances and a default.

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 approach to considering unaffordable and irresponsible lending complaints on our website including the key relevant rules, guidance and good industry practice. I've had this approach in mind when considering Mr W's complaint.

TM Advances needed to take reasonable and proportionate steps to ensure that it didn't lend to Mr W irresponsibly. This means it should've carried out reasonable and proportionate checks to satisfy itself that Mr W could repay the loan in a sustainable way. These checks could take into account a number of things such as the loan amount, the repayment amount and Mr W's income and expenditure.

This means to decide this complaint I need to consider if TM Advances' checks were proportionate; if so, did it make a fair lending decision; if not, what would proportionate checks most likely have shown; and finally, did TM Advances act unfairly towards Mr W in some other way.

I've looked at the checks TM Advances carried out. It asked for Mr W's income, housing and living costs. It verified his income from bank statements and used the lowest value from the last six months. It carried out a credit check to understand his credit history and existing

credit commitments. From all its checks combined it concluded Mr W had enough disposable income for this loan to be sustainably affordable.

I think these checks were proportionate given the term and value of the loan and that TM Advances made a fair decision based on the information it gathered. I'll explain why.

Mr W's net monthly income was £2,826 and his outgoings were £1,757. His active credit commitments were £530.25. Mr W was also repaying some defaulted debt – this was costing him £100 a month. TM Advances used a 5% repayment rate to allocate £260, but I think it could reasonably have used the lower figure as that was the repayment plan Mr W had agreed to. This would have meant Mr W had a monthly disposable income after taking on this loan of £279.75. So it was reasonable for TM Advances to conclude the loan was affordable on a pounds and pence basis. But it also had to check that repaying the loan would not cause Mr W to borrow to repay, or any other adverse financial consequences over the term of the loan.

From its credit check TM Advances learnt Mr W had £8,234 of active debt. This was largely well-managed, three accounts showed one month of arrears in the last six months. It also showed he had around £5,000 of defaulted debt. TM Advances investigated the reason and learnt this was from when Mr W had been out of work prior to his current job which he had now been in for over three years. As the events were historic, and Mr W was repaying the bulk of the debt I think it was reasonable that TM Advances still lent to Mr W. To make this finding I have taken into account that the loan purpose was debt consolidation. It would allow Mr W to repay to two high-cost short-term loans and some informal borrowing. Mr W argues TM Advances should have sure he settled the debts as planned. But I find it was reasonable for it to think he would. I say this as there was no evidence of Mr W taking out loans from TM Advances to settle debts, failing to do so and then returning to borrow again.

Mr W also sent in details of other adverse events on his credit file at the time. But apart from those mentioned above these did not show on the lender's check. And I can only fairly expect TM Advances to respond to the data it saw. There can be variances between a lender's check and the consumer's full file as not all lenders report to all the credit reference agencies and there can be timing lags.

It follows I don't find it was wrong for TM Advances to lend to Mr W.

I've also considered whether the relationship 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 TM Advances lent irresponsibly to Mr W 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 W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 29 July 2025.

Rebecca Connelley
Ombudsman