

The complaint

Mr P complains that Amplifi Capital (U.K.) Limited trading as Reevo (Reevo) acted irresponsibly in providing him with two personal loans because they were unaffordable for him.

What happened

Mr P took out a personal loan with Reevo in January 2023. The loan was for £6,600. The loan term was 36 months. The interest rate was 26% APR, and the monthly payment was £256.52.

Mr P took out a further loan with Reevo in August 2024 for £2,500. The loan term was 24 months. The interest rate was 34.74% APR and the monthly payment was £140.03

In December 2024, Mr P complained that Reevo had been irresponsible in lending to him. He said that the loans had been unaffordable for him, given his financial circumstances and poor credit history.

In its final response, Reevo said it thought it had acted fairly and reasonably. Mr P wasn't happy with Reevo's final response and referred the complaint to our service.

One of our Investigators considered the complaint and upheld it. He thought that Reevo had conducted proportionate checks, but that it should have considered that the loans wouldn't be sustainably affordable for Mr P. To resolve things, our Investigator recommended that Reevo refund all interest, fees and charges applied to the loans. Reevo disagreed, so the complaint comes 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.

I've considered the relevant rules and guidance on responsible lending set by the FCA, laid out in the consumer credit handbook (CONC). In summary, these say that before Reevo lent it needed to complete reasonable and proportionate checks to satisfy itself that Mr P would be able to repay the debt in a sustainable way, without borrowing further elsewhere.

Reevo has explained that before it lent on each occasion, it considered the information Mr P had provided in his application, and information from a credit reference agency. It also saw information from open banking.

First loan taken out in January 2023

The information from the credit reference agency showed no defaults or recent history of arrears on Mr P's existing credit commitments. It showed that Mr P's total outstanding unsecured credit balance was 77% of his annual income, or around £35,000.

In his application, Mr P declared his annual income was £45,700. The credit reference agency verified this amount, and Reevo says the credit reference agency assessed Mr P's monthly income to be £2,877.34. This is the figure Reevo used in its income and expenditure assessment, to determine whether the loan was affordable for Mr P.

Reevo also considered information from open banking, which showed that Mr P's income fluctuated slightly each month. The average figure in the three months prior to the application was £2,735.96 – which our Investigator thought Reevo should have used in its assessment. This is £141.31 lower than the figure Reevo used.

In line with our Investigator, I think that Reevo should have used a figure in its calculations based on the actual information it received about Mr P's income, as opposed to an estimated figure.

The credit reference agency estimated that Mr P's payments to his existing monthly credit commitments totalled £1,312. It estimated his rent payment was £407.12, and his essential monthly expenditure was £814.59. In total, that means Mr P's monthly expenditure was estimated to be £2,533.71.

The monthly payment for the new loan with Reevo was £256.52. This would mean that Mr P's monthly expenditure would be £2,790.33 - £54.37 more than his average monthly income in the three months prior to the application.

In response to our Investigator's opinion, Reevo noted that the intended purpose of the loan was debt consolidation. So, it thought Mr P's monthly payments towards his existing credit commitments would be reduced. But Reevo hadn't identified which debt or debts Mr P would look to reduce, nor calculated what reduction there would be in his monthly payments. So, I can't reasonably conclude this would have made the loan sustainably affordable for him.

On balance, I think Reevo conducted proportionate checks. However, based on the information it found, I don't think it reasonably considered that the loan taken out in January 2023 was sustainably affordable, and I don't think it should have lent.

Loan taken out in August 2024

On the application for the loan taken out in August 2024, Mr P declared that his income had increased to £52,100. This figure was confirmed by the information supplied by the credit reference agency, which estimated his net income to be £3,393.12.

Mr P had previously consented to Reevo using open banking to consider information from his bank statements when it considered the previous application. But it doesn't appear that Reevo used any information from open banking in this instance.

Reevo used estimated figures from the credit reference agency to complete its income and expenditure assessment. These figures estimated that Mr P's monthly payments towards his existing credit commitments were £1,490 – or around 44% of his estimated net income.

The credit reference agency estimated that Mr P's monthly rent was £268.09, and his essential expenditure was £698.14. It seems strange to me that Reevo used figures that were lower than those it had used to assess Mr P's previous application 18 months before. Mr P hadn't changed address, and I would generally expect that an individual's rent and

essential expenditure would stay the same or increase with inflation. So, I don't think it was reasonable that Reevo used these estimated figures.

The information Reevo considered from the credit reference agency showed that Mr P had no recent missed payments towards his existing credit commitments. But, it also showed that Mr P's outstanding unsecured credit balance was almost 109% of his annual income, or around £56,500.

The information from the credit reference agency also showed that Mr P had taken out a £10,000 loan just six months before the application.

In this instance, Mr P had applied for £2,500. The purpose of the loan was stated to be debt consolidation. But, given Mr P's levels of unsecured debt (which the information from the credit reference agency showed to be over £55,000), it's not clear how a loan for £2,500 would allow him to consolidate those debts or – given the high APR – reduce his monthly payments.

On balance, taking everything into account, I think that the significant increase in Mr P's outstanding unsecured credit balance – and the percentage of his income he was paying towards those debts – should have made it clear to Reevo that Mr P was stuck in a cycle of unsustainable credit. So, I don't think Reevo made a reasonable decision to lend, as I think it should have been clear the loan would not be sustainably affordable for Mr P.

Putting things right

My final decision is that I uphold this complaint. To resolve things, Amplifi Capital (U.K.) Limited trading as Reevo should:

- Remove all interest, fees and charges applied to each loan from the outset. The payments Mr P has made should be deducted from the new starting balances – the amount originally lent;
- If this results in Mr P having paid more than he received, any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement)*. Amplifi Capital (U.K.) Limited trading as Reevo should also remove all adverse information regarding this account from Mr P's credit file.
- If any capital balance remains outstanding, then Amplifi Capital (U.K.) Limited trading as Reevo should arrange an affordable and suitable payment plan with Mr P. Once Mr P has cleared the balance, any adverse information in relation to the account should be removed from their credit file.

I've also considered whether the actions of Reevo Finance Ltd have meant there's an unfair relationship between it and Mr P. However, I'm satisfied the redress I've directed above results in fair compensation for Mr P in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

**HM Revenue & Customs requires Amplifi Capital (U.K.) Limited trading as Reevo to deduct tax from any award of interest. It must give Mr P a certificate showing how much tax has been taken off if he asks for one.*

My final decision

My final decision is that I uphold this complaint. To resolve the complaint, Amplifi Capital (U.K.) Limited trading as Reevo should take the steps outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 1 October 2025.

Frances Young
Ombudsman