

The complaint

Mr H complains OAKBROOK FINANCE LIMITED trading as Oakbrook (Oakbrook) acted irresponsibly by failing to carry out adequate checks before granting him a loan.

What happened

In September 2021, Mr H took out a fixed-sum personal loan with Oakbrook. He borrowed £5,000, and the agreement required him to make 36 monthly repayments of £233.58.

In January 2025, Mr H complained to Oakbrook about their decision to lend to him saying they'd failed to carry out adequate checks on his financial situation. He said had they done; they would've seen the loan was unaffordable and wouldn't have lent to him.

Oakbrook sent Mr H their final response later that month, but they didn't uphold his complaint. In summary, Oakbrook said they undertook comprehensive checks prior to deciding to lend to Mr H and that from those checks, there was no evidence to suggest the loan was unaffordable for him.

Mr H remained dissatisfied with Oakbrook's response, so asked our service to investigate.

One of our Investigators looked into things and thought the checks Oakbrook carried out prior to lending were proportionate. And because Oakbrook's checks showed Mr H looked to have had enough disposable income to make regular and sustainable repayments to the loan, he didn't think they'd acted unfairly by approving it for him.

Mr H disagreed with our Investigator saying his income at the time was less than the figure used by Oakbrook so it couldn't have been verified by them. He also said his existing outstanding debt at the time was much higher and that had Oakbrook cross referenced credit reports; they wouldn't have lent to him.

Our Investigator said Oakbrook had verified Mr H's income against the amount he declared using a Current Account Turnover (CATO) check via a Credit Reference Agency (CRA). He added Oakbrook had completed a credit check and couldn't be held responsible for any additional existing exposure to credit Mr H might've had if it wasn't reported to them.

Because no resolution could be reached, this case 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.

Having done so, although I appreciate it'll be a disappointment to Mr H, I'm not upholding his complaint and for much the same reasons as our Investigator. I'll explain why.

How we handle complaints about irresponsible and unaffordable lending is explained on our website. It's this approach I've used when deciding Mr H's complaint. Oakbrook needed to ensure that they didn't lend irresponsibly, which in practice means they needed to carry out

proportionate checks to be able to understand whether any lending was affordable for him before agreeing to provide the loan.

The rules that apply to credit agreements are set out in the FCA's consumer credit sourcebook (CONC). Section 5.2A of CONC is relevant here, as – among other things – it talks about the need for businesses like Oakbrook to complete reasonable and proportionate creditworthiness assessments before agreeing to lend someone money.

I've considered these rules by asking the following questions:

- Did Oakbrook complete reasonable and proportionate checks to satisfy themselves Mr H would be able to meet the repayments of the borrowing without experiencing significant adverse impact on his financial situation?
 - If they did, was their decision to lend to Mr H fair?
- Did Oakbrook act unfairly or unreasonably in any other way?

Did Oakbrook complete reasonable and proportionate affordability checks?

What's considered reasonable and proportionate in terms of the checks a business undertakes will vary depending on the details of the borrowing and the consumer's specific circumstances at the time.

Here, the total amount repayable under the agreement was around £8,408.88, with Mr H committing to make 36 monthly repayments of £233.58. This was, therefore, a relatively lengthy credit commitment for someone to enter into repaying not an insignificant amount back each month, so my starting point is that I'd expect to see Oakbrook to have completed a thorough affordability check.

At the time of his application, Mr H declared his annual income as being £68,000, receiving a net monthly amount of around £4,010. His application said he was employed full-time, and he declared he was paying around £320 a month toward housing costs.

Oakbrook completed a CATO check to verify Mr H's net monthly income as being around £3,680. I've thought carefully about what Mr H said, that his actual annual income at the time was around £32,000, but on the application which Oakbrook received, he'd declared £68,000.

The CATO check Oakbrook carried out took into account his current account turnover, not just his actual income. But the check returned a net monthly income Mr H was likely earning of at least £3,680, and Oakbrook used this lower figure when estimating his likely disposable income.

In addition to the information Mr H declared, Oakbrook also completed a credit check to help them understand how he managed both his current and existing finances.

The check showed Oakbrook Mr H had 32 active credit accounts, with a total unsecured debt outstanding of around £20,500. Oakbrook saw no evidence of short-term pay day lending; and there was no evidence of arrears or defaulted accounts in at least the six months prior to the application.

Oakbrook could see that Mr H had at least one County Court Judgement but that this had occurred at least 71 months earlier, so I think it was reasonable for them to have considered this historic. From what Oakbrook could see of Mr H's existing financial circumstances at the

time, he looked to be managing his commitments well.

From the information they were provided, Oakbrook also understood Mr H's commitments to repaying his existing credit and his outstanding CCJ to be around £980 a month.

Oakbrook also used information from the office of national statistics (ONS) to estimate Mr H's living expenses which they calculated likely to be around £630 a month. They then used this figure, alongside the cost of both Mr H's existing credit commitments, his declared cost towards housing and the cost of the new agreement, to calculate his remaining monthly disposable income after account for all non-discretionary expenditure to likely be around £1,518.

So, in summary, I wouldn't expect Oakbrook to do more in the circumstances here. They verified Mr H's income and completed a credit check, the results of which showed them his overall finances were being managed well. Oakbrook also took into consideration Mr H's actual existing credit commitments which they used, alongside his declared housing expense and used figures from ONS, to gain a better understanding of his likely non-discretionary expenditure before making a lending decision.

Overall, I think Oakbrook completed reasonable and proportionate checks and from all the evidence and information they gathered, I'm satisfied what they saw allowed them to fairly assess if the agreement was affordable and sustainable for Mr H.

But this doesn't automatically mean Oakbrook went on to make a fair lending decision – it's this I'll go on to look at next.

Did Oakbrook make a fair lending decision?

I acknowledge Mr H says the income figure Oakbrook verified was incorrect, pointing to an annual income of £32,000 as opposed to the figure declared on the application.

But as I've explained, as well as using the figure declared by Mr H, Oakbrook took steps to verify his income and went on to use the lower monthly figure which the CATO check had given them confidence he was in receipt of. I've not seen anything to suggest Oakbrook ought not to have had confidence in the verified figure they were provided by the CRA at the time.

Oakbrook deducted Mr H's actual commitments towards his existing credit, his declared figure towards housing expenses and living expenses obtained from statistical data before including the repayment towards the new agreement he was applying for; to calculate he would be left with a monthly disposable income of around £1,518.

Mr H says the amount of existing credit he owed at the time was around three times the amount Oakbrook say the credit check showed him to have and that he owed around £38,000 to one agreement alone. He also says he had two CCJs and several defaults at the time.

Having looked at the credit report provided by Mr H, I can see one large agreement which could be the one he refers to. But this was taken out after the loan in question here.

Ultimately, Oakbrook completed a credit check on Mr H and the result of that check showed he appeared to be managing his existing credit commitments well. So, I can't say they ought to have been concerned about anything they saw, nor can I hold them responsible for anything they didn't see as a result of the checks they completed.

In summary, I'm satisfied Oakbrook's checks were both reasonable and proportionate. I'm also satisfied they made a fair lending decision based on the outcome of those checks so I'm not upholding this complaint.

Did Oakbrook act unfairly or unreasonably in some other way?

I've also considered whether Oakbrook acted unfairly or unreasonably in some other way given what Mr H has complained about, including whether their relationship with Mr H might have been unfair under s.140A Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think Oakbrook lent irresponsibly to Mr H or otherwise treated him unfairly. 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

For the reasons I've explained above, my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 16 October 2025.

Sean Pyke-Milne
Ombudsman