

The complaint

Mrs E has complained that Secure Trust Bank Public Limited Company trading as V12 Retail Finance (V12) unfairly provided her with two loans.

What happened

Mrs E entered into loan agreements with V12 as shown below:

Loan 1

Date	Amount of credit	Term	Monthly payment	Total repayable
April 2019	£763.91	12 months	£68.57	£907.72

Loan 2

Date	Amount of credit	Term	Monthly payment	Total repayable
October 2021	£7,549.28	60 months	£151.72	£9,103.20

In January 2025, Mrs E complained to V12 about the loans it had given her, with the help of a representative. In the complaint, Mrs E said she didn't think V12 had lent responsibly to her. She felt it had failed to undertake a reasonable assessment of her creditworthiness at the time of the lending. She's said had V12 completed the appropriate checks it would have found the lending was unaffordable.

V12 looked into Mrs E's complaint and issued a final response letter explaining it believed it had acted fairly in providing the credit. V12 provided a summary of the checks it had conducted and felt the agreements were affordable for Mrs E. It said it had confirmed the agreement was affordable by checking the information the credit reference agencies held about her, asking her about her income, and confirming this through the credit reference agencies.

Mrs E didn't accept V12's response, so she referred her complaint to our service, again with the help of her representative. One of our investigators looked into it, and based on the evidence available, said that although he didn't think the checks V12 completed were proportionate, he didn't think there was sufficient evidence that proportionate checks would have revealed that the lending was unfair.

V12 accepted the investigators view but Mrs E's representatives let us know she didn't accept what he'd said. As there was no agreement, the complaint has been passed to me for a decision.

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 I've reached the same outcome as the investigator for broadly the same reasons.

I think there are key questions I need to consider in order to decide what is fair and reasonable in this case:

- Did V12 carry out reasonable and proportionate checks to satisfy itself that Mrs E was able to sustainably repay the credit?
- If not, what would reasonable and proportionate checks have shown at the time?
- Did V12 make a fair lending decision?
- Did V12 act unfairly or unreasonably towards Mrs E in some other way?

V12 had to carry out reasonable and proportionate checks to satisfy itself that Mrs E would be able to repay the credit sustainably. It's not just about V12 assessing the likelihood of Mrs E being able to repay the credit, but it had to consider the impact of the repayments on her.

There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments and the cost of the credit.

Before lending to Mrs E, V12 asked her questions to get an understanding of her financial circumstances. It's said for loans 1 and 2 she declared an income of between £40,000 and £49,000 a month. Before granting loan 1, V12 verified her income using the credit reference agencies (CRA) but the reported confidence outcome for this was 'low'. V12 has said it has retrospectively worked out that Mrs E's likely expenditure left her with enough disposable income to afford the loans. This suggests her expenditure wasn't considered at the time of either lending decision. In addition to this when V12 checked Mrs E's credit history before agreeing loan 1 it found she had over £50,000 in unsecured debt and was utilising over 95% of her available credit card balances. The check also revealed that she had opened a further two accounts in the last six months and had missed two payments in the last 12 months.

At the time of loan 2, although Mrs E had reduced her unsecured debt to around £30,000 this is still relatively high. In addition, she had missed a payment in the last 12 months and had opened a further four accounts.

Given the high level of unsecured debt, missed payments and new accounts, I think it would have been reasonable for V12 to get a better understanding of Mrs E's actual income and expenditure for both loans, but particularly loan 2.

There are a number of ways it could have done this, but for the avoidance of doubt, I'm not making a finding here that V12 needed to see Mrs E's statements in order to complete its own income and expenditure assessment. Rather I think it needed to accurately establish Mrs E's income and regular essential expenditure. That said in the absence of any other evidence, I think it's reasonable to rely on bank statements to establish what V12 would likely have found had it asked Mrs E more questions about her finances.

Mrs E hasn't been able to provide any statements for the period just before the lending decision in April 2019. So, I can't establish what proportionate checks would likely have shown at that time. Given this, I haven't seen enough evidence to persuade me the lending decision in 2019 was unfair.

Mrs E has provided statements for the three months before the lending decision in 2021. I've reviewed these, and I can see that Mrs E was consistently transferring funds between this and another account in her name. She hasn't been able to provide us with copy statements for this account so it's hard to get a full picture of her finances at the time. However, based on the information that is available, had V12 looked more closely at Mrs E's financial situation I think on balance it would likely have established she would be left with sufficient disposable income to maintain the agreement.

On the evidence available, I'm not persuaded the checks V12 completed were reasonable and proportionate to the amount and type of credit it went on to approve. However, it's not clear enough to me on the evidence available that had V12 completed proportionate checks it would have found that it was unfair to lend to Mrs E. So I'm not satisfied that V12 acted unfairly or unreasonably in its decisions to lend to Mrs E in 2019 or 2021.

Did V12 act unfairly or unreasonably towards Mrs E in some other way?

I can see that Mrs E has made repayments to both loans without issue and settled loan 1 in May 2020. I can't see that Mrs E contacted V12 to let it know she was in financial difficulties, and I've not seen any evidence to suggest that V12 treated Mrs E unfairly in some other way.

Overall, and based on the available evidence I don't find that V12 has acted unfairly in this case. I'm not persuaded that V12 created unfairness in its relationship with Mrs E by lending to her irresponsibly, and I don't find V12 treated Mrs E unfairly in any other way based on what I've seen.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 16 December 2025.

Charlotte Roberts
Ombudsman