

Complaint

Miss D has complained about home collected credit loans she took out with G R Finance Limited ("G R Finance").

She says G R Finance should not have provided her with her loans as they were unaffordable for her and were provided in circumstances where she had previously missed payments.

Background

This complaint centres on the provision of five home collected credit loans that G R Finance provided to Miss D. Miss D's lending history is as follows:

Loan	Taken	Concurrent with	Settled	Amount	Term*	Payment
1	May 2019		February 2020	£200	29	29 @ £10 and final payment of £14
2	July 2019	1	March 2020	£800	29	29 @ £40 and final payment of £56
3	March 2020		November 2020	£800	29	29 @ £40 and final payment of £56
4	November 2020		May 2021	£1,000.00	29	29 @ £50 and final payment of £70
5	May 2021		December 2022	£1,000.00 ¹	29	29 @ £50 and final payment of £70 ²

G R Finance did provide Miss D with loans other than those set out in the above table. However, Miss D has confirmed that she is not complaining to us about those loans. In these circumstances and as we've not been provided with any information on the earlier loans, we only looked at the loans above and all reference to loans 1 to 5 is made in relation to these loans.

One of our investigators reviewed what Miss D and G R Finance had told us. And she thought that G R Finance hadn't treated Miss D unfairly and so didn't uphold the complaint. Miss D disagreed and asked for an ombudsman to look at her complaint.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

We've explained how we handle complaints about short term lending on our website. And I've used this approach to help me decide Miss D's complaint.

¹ Miss D's statement of account indicates that £296.91 of the funds from loan 5 were used to clear the remaining balance on loan 4.

² G R Finance has provided evidence to show that £670 of the total amount to be repaid of £1,520.00 on loan 5 was written off. Miss D did enter a Trust Deed but Miss D's insolvency practitioner ("IP") has confirmed that while it was aware that G R Finance was owed a balance, no dividends were paid to it. If Miss D is unhappy with her IP not paying a dividend to G R Finance, this is a matter she will need to take up with it, rather than G R Finance. However, I'm satisfied that an amount of £670 (which included £150 of the £1,000.00 originally advanced to Miss D) was written off.

Having carefully thought about everything I've been provided with, I'm not upholding Miss D's complaint. I'd like to explain why in a little more detail.

Miss D was provided with high-interest loans, intended for short-term use. So G R Finance needed to make sure that it didn't provide them irresponsibly. In practice, what this means is that G R Finance needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Miss D before providing it.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

I've kept this in mind in considering Miss D's complaint.

I'm satisfied that £670, was written off on loan 5. If I were to uphold a complaint, I would typically direct the lender to refund the interest, fees and charges it added. As the £670 written off on loan 5 exceeds the interest of £520 that was due to be paid on this loan, I'm satisfied that I wouldn't make an award even if I were to uphold Miss D's complaint about it. I've therefore limited my consideration of this complaint to the first four loans.

What G R Finance did before it provided these loans to Miss D

G R Finance says it agreed to Miss D's applications after she'd provided details of her monthly income and expenditure. It says the information Miss D provided on her income and expenditure showed that she'd be able to comfortably make the repayments she was committing to. And in these circumstances, it was reasonable to lend.

On the other hand, Miss D says that the loans were unaffordable and she shouldn't have been provided with them.

I've carefully thought about what Miss D and G R Finance have said.

Did G R Finance act fairly and reasonably when providing loans 1 and 2 to Miss D?

The first thing for me to say is that Miss D was asked to provide details of her income and expenditure. I know that Miss D has provided evidence to show that she'd previously declined loans, prior to her successful application in May 2019.

I accept that the copies of text messages provided do show that Miss D had been refused loans in the months prior to May 2019. However, Miss D had brought her account up to date before her application. Furthermore, G R Finance carried out credit checks which showed that she didn't have any further significant adverse information recorded against her. In these circumstances I don't think that it was unreasonable for G R Finance to rely on the information provided.

This is particularly as Miss D was asked for more detailed information on what she paid towards her rent, council tax, utility bills and her transport. And when this is deducted from

the total amount she declared receiving, Miss D does appear to have had sufficient funds to make the repayments to these loans.

So while I do accept that Miss D had previous arrears, bearing in mind these having been cleared, the amount of the repayments and the questions G R Finance asked Miss D, I don't think it was unreasonable for G R Finance to rely on the information Miss D was providing.

As this information shows that the repayments were affordable for Miss D, I don't think that it was unfair for G R Finance to have provided loans 1 and 2 to Miss D.

Were the checks that G R Finance carried out before providing loans 3 and 4 to Miss D reasonable and proportionate?

Given Miss D went on to have arrears on loans 1 and 2, I don't think that it was reasonable for G R Finance to continue relying on what Miss D was saying by the time of her applications for loans 3 and 4.

By the time of Miss D's applications for these loans, I would have expected G R Finance to have taken steps to verify what Miss D was saying about her income and regular living costs. I don't think that it was reasonable for G R Finance to provide further credit to Miss D without doing this.

As I can't see that G R Finance did this, I'm not persuaded that the checks G R Finance carried out before providing loans 3 and 4 to Miss D were reasonable and proportionate.

Would G R Finance doing more have prevented it from providing loans 3 and 4 to Miss D?

Even though I don't think that G R Finance did enough to establish that the repayments to loans 3 and 4 were affordable for Miss D, this doesn't on its own mean that her complaint should be upheld. I say this because I need to be satisfied that Miss D lost out as a result of G R Finance failing to do more before lending to her.

As this is the case, would usually only go on to uphold a complaint like Miss D's in circumstances where we were able to recreate what reasonable and proportionate checks are likely to have shown – typically using information from the consumer – and this clearly shows that the repayments in question were unaffordable.

I've therefore tried to understand what proportionate checks are more likely than not to have shown G R Finance at the time of these applications. In order to do this, I've looked at the bank statements Miss D has provided us with in order to determine whether the repayments to loans 3 and 4 were as a matter of fact affordable for her.

Having looked through the statements that Miss D has provided, they appear to show that when Miss D's committed regular living expenses are combined with her payments to her credit commitments and then deducted from the total amount she was receiving, she did have sufficient funds left over to make the payments to these loans.

I accept that Miss D's actual circumstances may not have been reflected in this information. I'm sorry to hear that Miss D was struggling financially and that she found it difficult to repay these loans. But as the bank statements Miss D has provided me with don't show me that these loans were as a matter of fact unaffordable for her, it's difficult for me to reasonably conclude that G R Finance doing more here would have made a difference to its decisions to provide these loans.

Bearing in mind the above, I'm not persuaded that it was unreasonable for G R Finance to have provided loans 3 and 4 to Miss D either.

In reaching my conclusions, I've also considered whether the lending relationship between G R Finance and Miss D might have been unfair to Miss D under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think G R Finance irresponsibly provided loans 1 to 4 to Miss D or otherwise treated her unfairly in relation to them. Furthermore, even if any unfairness had been created as a result of loan 5 having been provided to Miss D, this was rectified as a result of the £670 written off on this loan. I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here either.

Overall and having considered everything, while I'm sorry about the difficulty Miss D went on to have, I don't think that the G R Finance acted unfairly when providing loans 1 to 4 to her. And I'm therefore not upholding Miss D's complaint. I appreciate that this will be disappointing for Miss D. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Miss D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 24 November 2025.

Jeshen Narayanan
Ombudsman