

The complaint

Miss H has complained that Western Circle Ltd trading as Cashfloat (“Cashfloat”) gave her loans without carrying out sufficient affordability checks. Had better checks been made then Cashfloat would’ve seen she was borrowing money from family and repaying existing payday lenders.

What happened

A summary of Miss H’s borrowing can be found in the table below.

loan number	loan amount	agreement date	repayment date	number of monthly instalments	largest instalment amount
1	£400	16/07/2024	11/09/2024	4	£179.75
2	£300	08/10/2024	outstanding	3	£140.80

Cashfloat didn’t uphold the complaint because it considered it had carried out checks to demonstrate the loans were affordable. Unhappy with this response, Miss H referred the complaint to the Financial Ombudsman.

The complaint was then reviewed by an Investigator, who didn’t uphold the complaint. Miss H didn’t agree, and I’ve summarised her response below.

- At the time of lending Miss H had at least eight active credit accounts – which was costing Miss H at least £850 per month to repay.
- Cashfloat didn’t take account of the minimum payments needed for her overdraft or credit cards.
- Loan two was taken shortly after loan one had been repaid – which is a clear sign of repeat lending.
- The disposable income figure doesn’t reflect the strain Miss H was under.
- These loans pushed Miss H further into debt.

These points didn’t change the Investigator’s mind and so the complaint 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.

We’ve set out our general approach to complaints about short-term lending - including all the relevant rules, guidance and good industry practice - on our website.

Cashfloat had to assess the lending to check if Miss H could afford to pay back the amounts she’d borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. Cashfloat’s checks could have taken into account a

number of different things, such as how much was being lent, the size of the repayments, and Miss H's income and expenditure.

With this in mind, I think in the early stages of a lending relationship, less thorough checks might have been proportionate. But certain factors might suggest Cashfloat should have done more to establish that any lending was sustainable for Miss H. These factors include:

- Miss H having a low income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- The amounts to be repaid being especially high (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- Miss H having a large number of loans and/or having these loans over a long period of time (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable);
- Miss H coming back for loans shortly after previous borrowing had been repaid (also suggestive of the borrowing becoming unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable for Miss H. The investigator didn't think this applied to Miss H's complaint and I would agree, as only two loans were granted.

I appreciate Miss H says there was, but the second loan was approved a month after the first one had been repaid and was for a smaller sum. There was no indication that Miss H's borrowing was clearly unsustainable.

Cashfloat was required to establish whether Miss H could *sustainably* repay the loans – not just whether she technically had enough money to make her repayments. Having enough money to make the repayments could of course be an indicator that Miss H was able to repay the loans sustainably. But it doesn't automatically follow that this is the case.

I've considered all the arguments, evidence and information provided in this context, and thought about what this means for Miss H's complaint.

Loan 1

Cashfloat took details of Miss H's income and expenditure and carried out a credit search before this loan was granted. It recorded Miss H worked full time and received a monthly salary of £2,400.

Cashfloat didn't just rely on what Miss H declared, instead it gathered copies of her payslips. Having taken copies – it reduced Miss H's income to £1,793 per month. I don't think it was unreasonable to lower Miss H's income, but the payslips did show especially in the month before this loan was approved that Miss H earned around what she had declared to Cashfloat. But still, regardless of what figure Cashfloat hasn't impacted the outcome.

Cashfloat also made enquiries about her living costs – including credit commitments, rent and other costs. Miss H declared these to be £1,150 per month. It's worth saying here that Cashfloat says that it assessed Miss H's monthly expenditure using what it calls "*trigger values*" – taken from a well-known debt charity and these values take account of an applicant's job, location, homeowner status, to name a few factors. It also used Miss H's credit file to check the accuracy of her declared monthly credit commitments.

Having used these trigger values, it estimated Miss H's monthly outgoings were the same as she had declared and to this it added a further buffer of £300. Cashfloat reasonably

concluded there was sufficient disposable income for Miss H to be able to afford the loan repayments.

Cashfloat also carried out a credit search, and it has provided the Financial Ombudsman with a copy of the results it received from the credit reference agency and so I've reviewed this to see how Miss H had managed current and closed accounts.

The credit file showed no signs of insolvency, County Court Judgements (CCJ) or any defaults and the active accounts Miss H did have had been well maintained with no missed payments. So, there wasn't anything in the way her credit was being managed that would've prompted Cashfloat to conduct further checks or to have declined the application.

Miss H already had four loans running, three current accounts, two credit cards and a mail order account. In total she had 10 active accounts. I don't think that number of active accounts would've been overly concerning to Cashfloat or indicated Miss H may have had wider financial difficulties.

Cashfloat had cross checked Miss H's income, was guided by her declaration of expenditure which again was cross checked and the information she had provided about the credit commitments was proportionate. The checks also indicated the loan was affordable – even with Cashfloat adding a further £300 buffer.

In those circumstances, where there were no obvious payment difficulties, notwithstanding the number of active accounts, I don't think, for a first loan that Cashfloat would've been concerned or had reason to believe the loan wasn't affordable.

I'm therefore not upholding Miss H's complaint about this loan.

Loan 2

I won't go into as much detail for this loan as I have for loan 1, because Cashfloat carried out the same sort of checks before it lent. But before looking at the details of the applications, Cashfloat would've seen that Miss H had repaid the first loan without any difficulties and was now returning for a smaller capital loan over a smaller term.

The regulations allow Cashfloat to consider previous repayment of credit as a factor in its assessment – as such there wouldn't have been any concerns raised by the way Miss H had gone about repaying loan 1.

This time, Miss H declared a slightly smaller monthly income of £2,300 and again this was cross checked with payslips and for the assessment Cashfloat relied upon a monthly income figure of £2,126. Although, like loan one its likely Miss H's income was around the amount she had declared to Cashfloat.

Miss H declared monthly outgoings of £1,050 per month – this is a smaller amount compared to loan 1 but much of the difference related to Miss H declaring that her credit commitments weren't as high. As with loan 1, Cashfloat took steps to cross check the figures with other sources including the credit file – overall, having done that it worked out that Miss H's monthly outgoings likely came to £1,272.66.

To this Cashfloat added a further buffer of £300 – but even with this extra buffer Miss H still appeared to have more than enough disposable income to afford her repayments – considering this was a smaller loan and the payments were smaller than they were for loan one.

I've also reviewed the credit search data provided by Cashfloat – and it showed a similar picture to what it saw at loan one. There was no adverse payment information recorded so I don't think Cashfloat would've thought that Miss H was struggling to pay her existing debts to the extent that she wouldn't be able to make the payment as and when they became due.

Thinking about the context of this loan that is was for a smaller sum, the credit search results indicated, I've concluded, like loan one that proportionate checks had been carried out which demonstrated to Cashfloat that Miss H would be in a position to afford the repayments. So, I am not upholding the complaint.

An outstanding balance appears to remain due for the final loan and I would remind Cashfloat of its obligation to treat Miss H fairly and with forbearance.

Finally, I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Cashfloat lent irresponsibly to Miss H or otherwise treated her 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

For the reasons I've set out above, I am not upholding Miss H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 10 February 2026.

Robert Walker
Ombudsman