The complaint

Mr L complains that Lifestyle Loans Ltd was irresponsible in its lending to him. He wants all interest he has paid on his loans refunded and a gesture of goodwill for the financial stress he has been caused.

What happened

Mr L was provided with two loans by Lifestyle Loans.

Loan	Date	Amount	Term	Monthly repayments
1	May 2022	£1,000	12 months	£103.08
2	November 2022	£5,000	36 months	£243.89

Mr L said that at the time of his loan application, his income included commission which varied and wasn't guaranteed. Mr L thought the loans were provided without adequate checks to ensure he would be able to sustainably make the repayments and noted that he had two county court judgements at the time (although they were in dispute). He said that since taking out the loans he has needed to take out further debt to meet his repayments and bring his monthly costs under control.

Lifestyle Loans issued a final response letter to Mr L's complaint dated 11 June 2025. It said that before the first loan was provided it carried out a credit check and Mr L consented to it having access to his bank account data for his income to be verified and expenditure assessed. It said that Mr L's income was based on an average of his three months' salary and his expenditure was based on the amounts Mr L declared along with information from his bank account. It said its calculations showed the loan repayments to be affordable for Mr L.

Lifestyle Loans said that Mr L's credit file at the time didn't show any county court judgements (CCJs) but an enhanced search by its underwriting team identified two CCJs. These were discussed and Mr L said he was appealing these, but a contingency payment was factored into Mr L's expenditure as a precaution.

Lifestyle Loans said that further checks were undertaken before the £5,000 top-up loan was provided (which was used in part to repay the first loan). It said that Mr L's open banking data was used to assess his income and expenses and that a conservative approach to his income was used to reflect his comment about his income being variable. It said that the credit check raised no concerns and based on its calculations the repayments were affordable for Mr L.

Mr L referred his complaint to this service.

Our investigator thought that Lifestyle Loans carried out reasonable and proportionate checks before the first loan was provided and that these showed the loan to be affordable for Mr L. He didn't find he had seen enough to be satisfied that proportionate checks took place before the second loan was provided but after assessing what proportionate checks would have identified he found that Lifestyle Loans had made a fair lending decision.

Mr L didn't agree with our investigator's view. He said that the presence of the CCJ's hadn't been properly considered and reiterated his comments about his income being varied and the assessment being based on income including his non-guaranteed commission payments. He also thought that transfers into his account from family members had been included in his income which wasn't accurate. Mr L said that the second, top-up loan caused him further financial harm which failed the test for responsible lending and that Lifestyle Loans hadn't handled his complaint as it should.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to consider and issue 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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mr L was provided with two loans and I have considered each lending decision separately.

Loan one: May 2022

Mr L was provided with a £1,000 loan in May 2022. He was required to make monthly repayments of around £103. Before the loan was provided Lifestyle Loans gathered information about Mr L's financial circumstances. It accessed open banking data to see Mr L's transactions from the previous three months, allowing it to verify his income. It carried out a credit search and discussed Mr L's expenses with him.

Lifestyle Loans identified credit issues when carrying out its underwriting, including two CCJs recorded at a previous address for Mr L. These were discussed and a contingency payment factored into the assessment. Considering the size of the loan and its term, and noting the repayments due compared to Mr L's income, I think the checks carried out before the loan was provided were proportionate.

However, just because I think the checks were proportionate it doesn't necessarily mean I think the loan should have been provided. To assess this, I have looked at the information Lifestyle Loans received through its checks to establish whether further questions should have been asked, or the lending not provided.

When Mr L applied for the loan, he said it was for home improvements (a nursery). He said he was employed and had been with the employer for two years and ten months. While the initial credit check didn't record any CCJ's, defaults, bankruptcies or recent arrears, a further review identified two CCJ's linked to Mr L registered in February 2019 and July 2020. These were discussed with Mr L, and he explained that he was appealing these and expected them to be removed from his credit file. Noting when the CCJ's were recorded, the amount due, and Mr L's explanation of the situation with these, I do not think it unreasonable that Lifestyle Loans factored a contingency for these into its assessment but that it didn't prevent the loan from being provided.

Mr L allowed Lifestyle Loans to access his open banking data and from this it established his monthly net income as around £3,097. Mr L was asked about the costs he was responsible for, and he explained that his partner paid the rent and utilities, and he covered other costs. It is reasonable that Lifestyle Loans would rely on the information provided and this along with Mr L's other information gave his essential spending as around £1,250. Mr L's credit file showed his total balances (excluding the CCJs) as £496. He was operating comfortably within his credit card limit and his accounts were up to date with no defaults recorded. After deducting Mr L's essential spending, his existing credit commitments and the new loan from his monthly income this gave disposable income of around £1,427. I think this suggested the loan to be affordable.

Mr L has said that his income included commission payments which weren't guaranteed and that further checks should have been undertaken because of this. I can see from his account statements that his income varied. Given the variation in income, I think taking an average income for the three months leading up to the lending would be reasonable. Having looked through Mr L's account this would give an average income lower than that used by Lifestyle Loans (around £2,450) however based on this the loan repayments would still have been affordable and leave a reasonable disposable income for any monthly income variation. Therefore, I do not find in this case that I can say Lifestyle Loans acted unfairly by providing loan one.

Loan two; November 2022

Mr L made the payments due on loan one on time and without issue. Loan two was used in part to settle loan one. When Mr L contacted Lifestyle Loans about the second loan, he didn't alert it to any issues he had with the previous lending. Therefore, I find that Mr L's account history at the time of loan two didn't raise any concerns.

The total amount of loan two was £5,000 repayable over 36 months with monthly repayments of around £244. Before the loan was provided, an income and expenditure assessment was undertaken and Mr L's open banking data gathered, and a credit check carried out. Mr L was asked further questions about his income and expenses, and I find it reasonable that his answers were relied on. Mr L's credit report showed his total balances as £4,613 and while he had taken out another loan in August 2022, I do not find his overall position suggested he was overindebted. He was up to date on his accounts and so I do not find that I can say his credit report raised any serious concerns.

Lifestyle Loans checks gave a reasonable understanding of Mr L's financial circumstances at the time but included net transfers in the income calculation and showed a relatively low disposable income after the repayments. Therefore, I have fully assessed the information available to understand what proportionate checks would have identified.

Mr L's income from his employer varied in the three months leading up to the lending and Lifestyle Loans questioned this with Mr L. He explained he earned a basic monthly income of £2,083 plus commission which would vary. He said he had worked for his employer for four years and his order bank was quite full, so he tended to have some large income months. Taking an average of Mr Ls' three months income would give around £2,882.

Mr L explained the costs that he was responsible for, and Lifestyle Loans calculated his essential expenditure as around £1,625. I have looked through Mr L's accounts and his essential spending appeared to average around £1,000. His credit commitments based on both his credit report and his account statements showed average monthly costs of around £530. Removing the payments for loan one and including the loan two payments would increase this to around £670. This gives total monthly costs of around £1,670. Deducting these costs from Mr L's average income (not including any transfers) would leave Mr L with disposable income of over £1,000.

Given Mr L's comments about his commission, I have also considered the affordability of the loan based on Mr L's declared basic income of £2,083 (and the reduced income number of £1,930). Deducting his expenses from these conservative income figures would still result in the repayments being affordable. Therefore, based on the evidence provided, I do not find I can say that Lifestyle Loans was wrong to provide loan two.

Mr L has also raised concerns about how his complaint was handled by Lifestyle Loans, but I find Lifestyle Loans has explained its process to Mr L and tried to assist Mr L with his concerns. I can also see that Lifestyle Loans provided Mr L with a final response to his complaint within the required timeframe.

So, while I understand that Mr L doesn't think the loans should have been provided and he is unhappy with the service he has received, in this case, I do not uphold his complaint.

I've also considered whether Lifestyle Loans acted unfairly or unreasonably in some other way given what Mr L has complained about, including whether its relationship with him might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Lifestyle Loans lent irresponsibly to Mr L or otherwise treated him 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

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 3 September 2025.

Jane Archer
Ombudsman