

The complaint

Miss A complains that ONMO Limited irresponsibly lent to her.

What happened

Miss A was approved for an ONMO credit card in August 2023, with a £600 credit limit. Miss A says this was irresponsibly lent to her. Miss A made a complaint to ONMO, who did not uphold her complaint. ONMO said the lending was reasonable, responsible, and proportionate given her circumstances. Miss A brought her complaint to our service.

Our investigator did not uphold Miss A's complaint. He said that ONMO's checks were proportionate, and they made a fair lending decision. Miss A asked for an ombudsman to review her complaint. She made a number of points. In summary, she said that if ONMO had completed further checks such as reviewing her bank statements or a more detailed analysis of her borrowing activity, then it would be clear that this lending was unsustainable and irresponsible.

Miss A said that she took out £9,000 in new borrowings in the six months prior to the ONMO account being opened, over 18 new credit accounts. She said she took a number of cash advances from her credit cards, and in July 2022 she had a default registered. Miss A said that her bank statements would have shown a number of gambling transactions, borrowing from family and friends, credit commitments, and general financial instability.

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.

Firstly, I'm aware that I've only summarised Miss A's complaint points. And I'm not going to respond to every single point made by her. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

Before agreeing to approve the credit available to Miss A, ONMO needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks ONMO have done and whether I'm persuaded these checks were proportionate.

The information from a Credit Reference Agency (CRA) shows that Miss A had not defaulted in the six months prior to her application for the account. I've considered what Miss A has said about defaulting on an account in July 2022.

It may help to explain here that, while information like a default on someone's credit file may

often mean they're not granted further credit – they don't automatically mean that a lender won't offer borrowing. So I've looked at what other checks ONMO did to see if they made a fair lending decision.

The CRA reported that Miss A had no arrears on any active accounts at the point of the checks, so it would appear she was able to meet her active contractual payments at the point ONMO's checks were completed.

Miss A declared a gross annual income of £45,000. The income was able to be verified by the CRA, so it wouldn't have been proportionate for ONMO to request evidence of her income such as a bank statement.

Miss A was showing as opening one new account in the three months leading up to this credit being approved. Cash advances from existing credit cards would not be showing as new borrowing/a new account, as this would be taken from an existing credit card, therefore this wouldn't be shown as an account opened within three months prior to the ONMO card.

Miss A has listed a number of accounts she's opened just before the ONMO card. But the majority of these within the three month period prior to the lending checks were within the 4-6 week timeframe it can take for a credit file to update. In addition to this, it's also possible that the new lenders may not have reported account information to all of the different CRA's that are available. So I could not hold ONMO responsible if her credit file hadn't been updated with the majority of the new accounts at the time of the ONMO checks, and it wouldn't be proportionate for them to gather information from every single CRA – and they aren't required to.

Miss A was showing as having a debt to income ratio of 4.7%, so it wouldn't appear she was over indebted, (albeit ONMO didn't know about the multiple new accounts Miss A opened, and any borrowings from friends and family – as this wouldn't be reported to a CRA). The £600 ONMO credit limit would be around 1.3% of Miss A's declared gross annual income. The checks showed she wasn't over her credit limit on any existing active accounts at the time of the lending decision.

Miss A also declared her outgoings, which showed a healthy disposable income. But some of the expenditure figures Miss A declared may have seemed low. So ONMO did their own expenditure estimation for Miss A using modelling, which is an industry standard way of estimating expenditure, and they used the higher of the figures which showed Miss A should have a sufficient disposable income to be able to sustainably afford repayments for the £600 credit limit. They made a further check on the expenditure by not just taking Miss A's word for her expenditure, but using modelling where this suggested the expenditure was higher.

So I'm not persuaded that it would have been proportionate for ONMO to carry out further checks here prior to approving Miss A's application for the account and providing her with a £600 credit limit. While Miss A had previous financial difficulties regarding the default, this occurred over six months prior to the application.

Miss A didn't appear to be reliant on credit at the point of application based on what the CRA told them, ONMO had increased Miss A's declared outgoings, and the new credit limit was less than 2% of her gross annual income. Miss A also had no arrears on her active accounts at the point of these lending checks. So it would not have been proportionate for ONMO to have asked to see Miss A's bank statements leading up to this lending decision.

So I'm persuaded that ONMO's checks were proportionate here, and they made a fair lending decision to approve the £600 credit limit.

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 can't conclude that ONMO lent irresponsibly to Miss A 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

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 25 December 2025.

Gregory Sloanes
Ombudsman