DRN-5737947

The complaint

Mr F complains Valour Finance Limited trading as Savvy.co.uk (Savvy) irresponsibly lent to him.

What happened

The facts of this case are familiar to both sides. With that being the case, I won't provide a detailed background here. Instead, I'll provide a brief summary.

Savvy provided Mr F with a single loan in February 2021. The loan was for £1,000 and it was due to be repaid through 12 monthly repayments of £166.66. The total amount to be repaid by the end of the loan term, including interest, was £1,999.92.

In January 2025, Mr F complained to Savvy about its decision to lend. His reasons for doing so are known to both parties, so I don't intend to repeat them here.

In March 2025, Savvy issued its final response in which it did not uphold the complaint. In doing so, it said that it *acted in line with the standards set out by* [its] *regulators when underwriting* [the] *loan application.*

Unhappy with this, Mr F referred the complaint to our service.

One of our investigators reviewed Mr F's complaint and, having done so, concluded the complaint should not be upheld. In short, the investigator thought that Savvy had carried out reasonable and proportionate checks prior to agreeing to lend and the information it gathered during those checks would not have given it cause to gather further information or otherwise refuse to lend.

Mr F did not agree with the investigator. Therefore, the complaint was passed to me to review afresh.

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 conclusion as our investigator and for the same reasons. I'll explain why I think this is a fair outcome in the circumstances.

The Financial Ombudsman Service has set out its general approach to complaints about irresponsible and unaffordable lending on its website.

Savvy needed to make sure that it didn't provide the loan irresponsibly. In practice, this means that it should have carried out proportionate checks to make sure Mr F could repay the loan repayments when they fell due and without the need to borrow further.

These checks weren't prescriptive, but could take into account a number of different things such as how much was being lent, the repayment amounts and the consumer's income and expenditure.

So, in keeping with the information on the Financial Ombudsman Service's website, I think there are a number of overarching questions I need to consider when deciding a fair and reasonable outcome given the circumstances of this complaint:

1. Did Savvy carry out reasonable and proportionate checks to satisfy itself that Mr F was likely to have been able to repay the borrowing in a sustainable way?

    i. If Savvy carried out such checks, did it lend to Mr F responsibly using the information it had?

    Or

    ii. If Savvy didn't carry out such checks, would appropriate checks have demonstrated that Mr F was unlikely to have been able to repay the borrowing in a sustainable way?

2. If relevant, did Mr F lose out as a result of Savvy's decision to lend to him?

3. Did Savvy act unfairly or unreasonably in some other way?

There are many factors that could be relevant when determining how detailed proportionate checks should have been. And while much will depend on the circumstances in question, the more obvious factors include – though aren't necessarily limited to:

- The type of credit Mr F was applying for along with the size, length and cost of the borrowing; and

- Mr F's financial circumstances – which included his financial history and outlook along with his situation as it was, including signs of vulnerability and/or financial difficulty.

And generally speaking, I think reasonable and proportionate checks ought to have been more thorough:

- The lower an applicant's income because it could be more difficult to make the repayments as a result;

- The higher the amount repayable because it could be more difficult to meet a higher repayment, especially from a lower level of income; and

- The longer the loan term, because the total cost of the credit was likely to have been greater given the longer time over which repayments have to be made.

As a result, the circumstances in which it was reasonable to conclude that a less detailed affordability assessment was proportionate strike me as being more likely to be limited to applicants whose financial situation was stable and whose borrowing was relatively insignificant and short-lived – especially in the early stages of a lending relationship.

I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Mr F's complaint.

Did Savvy carry out reasonable and proportionate checks?

During the online application Mr F was asked to provide information about (amongst other things) his residential status, employment status and income. Mr F declared he was a homeowner, employed full-time with a monthly income of £2,500.

Prior to agreeing to lend, Savvy conducted a telephone call with Mr F to reconfirm the details he had provided and gather some more information. I've listened to this call. In the call Mr F reiterates that he earns £2,500 each month. Savvy says Mr F's declared income was cross referenced with an automated income validation check, and the results suggested the declared income was broadly accurate.

During the call, Savvy also asked Mr F about his existing expenditure across a number of categories. Mr F declared the following monthly expenses:

- Mortgage - £350
- Housekeeping (including food, shopping, toiletries) - £175
- Household bills - £300
- Train fare[1] - £70
- Socialising/entertainment - £100
- Childcare/maintenance - £0
- Gambling/lottery - £0
- Existing credit commitments - £300

Savvy also carried out a credit check which provided it with information about Mr F's credit history and what he was paying to service his existing credit commitments. As a result, it made a slight upward adjustment to the figure Mr F had declared for his existing credit commitments. It increased this figure to £340.

Deducting this expenditure from Mr F's income, it looked like he had around £1,165 left over each month. And once the monthly repayment for the lending in question (£166.66) is deducted from this figure, it looked like Mr F was left with around £998 each month.

On the face of it, it is difficult to reconcile such a significant amount of monthly disposable income – and a loan application for £1,000 – especially when it came at a high cost. However, I acknowledge that people make all sorts of decisions for all sorts of reasons. And it isn't for me to impose my own view on the merits of applying for a loan like the one in question only to then conclude that Savvy should have carried out more detailed checks – or otherwise refused to lend - on that basis alone.

Notwithstanding this, during the telephone call the advisor noted this high level of disposable income and asked Mr F if there is anything else he is spending his money on. Mr F explained that he and his partner had recently experienced some unexpected costs – including repairs to his partners car and to his boiler – which he said had 'wiped [them] out' in the short-term. So, I don't think this ought to have given Savvy cause to think that the information Mr F had provided about his income and expenditure was in any way inaccurate.

This appears to have been Mr F's first loan with Savvy, so I don't think there was any established pattern in his borrowing needs, at least from Savvy, at that stage. With this being the case – and noting the loan size, loan term and the monthly repayments relative to what

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[1] During the call Mr F said he expects to be working from home for the next 12 months due to the restrictions in place as a result of Covid-19. Nonetheless, Savvy included it in its income and expenditure assessment.

Savvy understood to be Mr F's income – I think Savvy proceeded with a proportionate amount of information.

However, once Savvy had the information it thought it needed, it then had to evaluate it because it still had to reasonably assess whether Mr F could afford to meet the loan repayments in a sustainable way over the term of the loan.

Did Savvy lend to Mr F responsibly using the information it had?

As I've said, the information Savvy gathered suggested Mr F was left with around £998 each month once repayments towards the lending in question had been taken into account. So, Savvy was satisfied that the repayments for this loan should've been affordable for Mr F on a simple pounds and pence basis and this was, in my view, a reasonable conclusion in the circumstances.

I've turned to look at the results from the credit check Savvy carried out.

The results suggested there was no indication of any insolvencies or any other public records – such as County Court Judgments – about which Savvy had been informed.

I note that there was two defaults present on the report. These were applied around 18 months prior to the lending in question. With that being the case, I think this could be considered historic and Savvy would have reasonable grounds to conclude this was not representative of Mr F's current financial situation. In other words, I don't think this would have given Savvy cause for concern.

In any event, it isn't unusual for lenders in the sector Savvy operates in to lend to a customer who has previously defaulted on credit. More importantly there isn't a prohibition on lending to a customer that has previously defaulted on credit.

I also note there was evidence of quite significant use of what appears to be payday lending between 2017 and 2019. However, it does not appear Mr F was reliant on such lending in the period prior to applying for the lending in question. Therefore, I think this could also be considered historic and wouldn't have prompted Savvy to make more searching enquiries about Mr F's financial circumstances or otherwise refuse to lend.

I say this noting that it appears Mr F's overall unsecured indebtedness was around £4,645[2] which, in my view, was not significant relative to what Savvy understood to be Mr F's income. And Mr F's revolving credit utilisation was around 63% which I wouldn't expect to raise concerns.

Further, all of Mr F's active unsecured debts (which included one personal loan, one overdraft, one mail order account and one credit card account) were all being well maintained with no evidence of missed payments or arrears.

The credit report also showed Mr F had a mortgage with an outstanding balance of about £20,000. This account was also well maintained with no adverse information reporting.

Looking at things in the round, I don't think the results of the credit check Savvy carried out ought to have alerted it to the fact that Mr F was having trouble managing his money. I say this because there was no evidence of active financial problems which ought to have given Savvy cause for concern.

[2] This includes an overdraft of £1,208 which Mr F declared to Savvy had since been repaid.

I accept that Mr F's actual circumstances when Savvy lent to him may have been worse than the information it gathered at the time suggested. Indeed, Mr F has said that he used payday loans and credit cards to fund a gambling addiction. I would like to thank Mr F for sharing this information.

I've thought carefully about this. Having done so, I've noted that active reliance on payday lending and credit cards was not evident in the credit check Savvy carried out. What's more, when asked during the telephone call about whether he had gambling expenses, Mr F replied 'No'. And as I don't think Savvy was required to request copies of his bank statements prior to agreeing to lend, I'm not satisfied that Savvy should have been reasonably aware of the problems Mr F may have been having.

With all of that being the case, I do not think Savvy had cause to conclude from the information it gathered that Mr F would have difficulty sustainably making the repayments towards this loan. Therefore, I don't think Savvy acted unfairly when providing this loan.

Did Savvy act unfairly or unreasonably in some other way?

In reaching my conclusion, I've also considered whether Savvy acted unfairly or unreasonably in some other way given what Mr F has complained about, including whether their relationship with him might have been viewed as unfair by a court under s.140A Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think Savvy lent irresponsibly to Mr F or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

So overall and having considered everything, I don't think that Savvy treated Mr F unfairly or unreasonably when providing him with this loan. Therefore, whilst I appreciate this will be very disappointing for Mr F, I'm not upholding his complaint.

My final decision

For the reasons I've outlined above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 2 December 2025.

Ross Phillips
Ombudsman