

The complaint

Ms K complains that a loan from Oakbrook Finance Limited, trading as Oakbrook Loans, is unaffordable for her and that it lent to her irresponsibly.

What happened

Ms K entered into a fixed sum loan agreement with Oakbrook Loans in December 2023 for a loan of £1,500. She agreed to repay the loan over 48 months by payments of £50.98, but the loan was repaid in August 2024 when she entered into a fixed sum loan agreement with Oakbrook Loans for a loan of £1,976. She agreed to repay that loan over 40 months by payments of £74.39. Ms K complained to Oakbrook Loans about the August 2024 loan in May 2025. She said that the repayments aren't affordable, the interest rates are excessive and she doesn't believe that it's responsible lending. Ms K also complained to this service.

Oakbrook Loans investigated both loans but said that it was unable to uphold her complaint as there was no evidence from its checks at the points of application to suggest that the loans were unaffordable for her. Ms K's complaint was then looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. She was satisfied that reasonable and proportionate affordability assessments were conducted before the loans were made to Ms K and that Oakbrook Loans took a responsible and measured approach to assessing Ms K's ability to repay. She said that the decisions to approve the loans were fair and appropriate in the circumstances.

Ms K hasn't accepted the investigator's recommendation and says that she'd like to escalate her complaint to an ombudsman for a decision. She's provided detailed responses to the investigator's recommendation and says, in summary and amongst other things, that:

- Oakbrook Loans acted irresponsibly by repeatedly offering her top-up loans by text and email every few weeks, despite knowing about her high debt-to-income ratio and credit utilization, and history of defaulted accounts;
- she has higher living costs as a carer to a severely disabled child;
- her relationship with Oakbrook Loans was unfair under section 140A of the Consumer Credit Act 1974;
- the net monthly income that it calculated is higher by approximately £300 than her actual income and she's provided payslips for the loan application periods to show her net income; and
- she's provided evidence of returned direct debits for daily expenses and credit cards repayments around the time of the second loan being offered, indicating that she was struggling to manage her finances and that her expenses exceeded her income.

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.

Ms K complained to Oakbrook Loans and this service about the August 2024 loan, but both

it and the investigator have considered the December 2023 and the August 2024 loans. Ms K applied to Oakbrook Loans for a loan in December 2023 and she declared that her annual income was £40,000 and that her housing costs were £200 each month. It says that it verified Ms K's income using current account turnover data from a credit reference agency and used Office for National Statistics' data for Ms K's likely expenditure. It says that it also checked Ms K's credit file.

Oakbrook Loans was required to make reasonable and proportionate checks to ensure that any loan that it was going to make to Ms K would be sustainably affordable for her before entering into a loan agreement. Ms K had declared her annual income, which Oakbrook Loans confirmed using current account turnover data and it checked Ms K's credit file. I consider that those checks were reasonable and proportionate for a loan of £1,500, repayable over four years by monthly payments of £50.98. I don't consider that reasonable and proportionate checks in those circumstances would have required Oakbrook Loans to have obtained copies of Ms K's payslips or to have gained a more detailed understanding of her financial position.

Oakbrook Loans says that an annual income of £40,000 equates to a net monthly income of £2,571.84. Ms K says that her income was less than that, but I consider that it was fair and reasonable for it to use that income, which it had verified using current account turnover data, in its affordability assessment. Ms K had declared housing costs of £200 but it included £338.09 for housing costs in its affordability assessment, based on Office for National Statistics' data, and that data showed that her living expenses were likely to be £831.18.

Its credit check showed that Ms K was paying £683.96 each month for her existing credit commitments, but hadn't been in arrears in the last six months, had no county court judgments or defaults registered against her within the last 24 months, she wasn't in arrears on any of her priority debts or on any of her financial commitments, she wasn't engaged in a debt management plan, she didn't have any payment arrangements in place, she wasn't bankrupt or in an individual voluntary arrangement, in the past twelve months she'd taken out only one unsecured loan and in the past six months she'd not taken out any payday loans. I consider that it was fair and reasonable for Oakbrook Loans to have relied on the information that it had obtained from its search of Ms K's credit file.

Using the information that it had obtained, and including an inflation buffer of £82.26, it calculated that Ms K would have a monthly disposable income of £585.37 after making the loan repayment. I consider that it was fair and reasonable for Oakbrook Loans to have concluded, on the basis of the reasonable and proportionate checks that it had made, that a loan of £1,500, repayable over four years by monthly payments of £50.98, was likely to be sustainably affordable for her at that time.

Ms K says that Oakbrook Loans offered her top-up loans by text and email every few weeks, despite knowing about her high debt-to-income ratio and credit utilization, and history of defaulted accounts, and she's provided screen shots of some of the messages that she received. I can see that she was told that a top-up loan was subject to an eligibility check, that it was important for her to consider whether she could afford the loan repayments before topping up and that the representative interest rate, as an APR, was specified. I'm not persuaded that Oakbrook Loans acted irresponsibly by sending those texts and mails to Ms K.

Ms K applied for a top-up loan in August 2024 and she declared that her net annual income was £34,800, which is £2,900 monthly, and that her monthly expenditure was £800 (which was less than the amount that Oakbrook Loans had included in its December 2023 affordability assessment). It says that it again verified Ms K's income using current account turnover data from a credit reference agency and checked Ms K's credit file. I consider that

those checks were reasonable and proportionate for a loan of £1,976.02, repayable over forty months by monthly payments of £74.39. I don't consider that reasonable and proportionate checks in those circumstances would have required Oakbrook Loans to have obtained copies of Ms K's payslips or to have gained a more detailed understanding of her financial position.

I consider that it was fair and reasonable for Oakbrook Loans to use the net annual income that Ms K had declared, which it had verified using current account turnover data, in its affordability assessment. Oakbrook Loans says that Ms K had declared that she had no housing costs, but it included £338.09 for her housing costs in its affordability assessment, based on Office for National Statistics' data, and it used the living expenses of £800 that she'd declared.

Its credit check showed that Ms K's monthly payment for her existing credit commitments had increased to £749.34, but that she hadn't been in arrears in the last six months, had no county court judgments or defaults registered against her within the last 24 months, wasn't in arrears on any of her priority debts or on any of her financial commitments, wasn't engaged in a debt management plan, didn't have any payment arrangements in place, wasn't bankrupt or in an individual voluntary arrangement, in the past twelve months she'd taken out only two unsecured loan and in the past six months she'd not taken out any payday loans. I consider that it was fair and reasonable for Oakbrook Loans to have relied on the information that it had obtained from its search of Ms K's credit file.

Using the information that it had obtained, and including an inflation buffer of £88.94, it calculated that Ms K would have a monthly disposable income of £820.51 after making the loan repayment. I consider that it was fair and reasonable for Oakbrook Loans to have concluded, on the basis of the reasonable and proportionate checks that it had made, that a loan of £1,976.02, repayable over forty months by monthly payments of £74.39 was likely to be sustainably affordable for her at that time.

I've carefully considered all that Ms K has said and provided about her complaint, but I'm not persuaded that Oakbrook Loans lent to Ms K irresponsibly or that the interest rates on the loans are excessive. Ms K says that her relationship with Oakbrook Loans was unfair under section 140A. I'm not persuaded that there's enough evidence to show that her relationship with Oakbrook Loans was unfair or that it has acted unfairly or unreasonably in some other way.

It's clear that Ms K feels that her current loan is unaffordable for her and that Oakbrook Loans lent to her irresponsibly, so I appreciate that my decision will be disappointing for her, particularly in the financial and personal situation that she's described. Ms K has said that she'd like previous interest charges refunded to her, or subtracted from the balance on her account, and the interest to be frozen on her account to allow her to pay off the account and close it.

I find that it wouldn't be fair or reasonable in these circumstances for me to require Oakbrook Loans to refund or waive any of the interest on the loans, to pay any compensation to Ms K or to take any other action in response to her complaint. Ms K says that she's unable to afford the loan so, if she hasn't already done so, I suggest that she explains her situation to Oakbrook Loans. It's required to respond to any financial difficulties that she's experiencing positively and sympathetically.

My final decision

My decision is that I don't uphold Ms K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 15 December 2025.

Jarrold Hastings
Ombudsman