

The complaint

Mr F says Metro Bank PLC (trading as RateSetter) irresponsibly lent to him.

What happened

Mr F took out a loan from RateSetter on 16 August 2022. It was for £8,000 with a £568.80 fee over 24 months. The monthly repayments were £380.78.

Mr F says RateSetter failed to conduct proportionate checks and could have done more prior to lending. He already had multiple loans that he had taken out to fund his gambling.

RateSetter says it carried out proportionate checks and Mr F's application met all its lending requirements.

Our investigator did not uphold F's complaint. He said RateSetter's checks were proportionate and showed Mr F could afford the loan.

Mr F disagreed. He asked if his bank statements had been reviewed.

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.

I've also had regard to the regulator's rules and guidance on responsible lending (set out in its consumer credit handbook – CONC) which lenders, such as RateSetter, need to abide by. RateSetter will be aware of these, and our approach to this type of lending is set out on our website, so I won't refer to the regulations in detail here but will summarise them.

Before entering into a credit agreement, RateSetter needed to check that Mr F could afford to meet his repayments out of his usual means for the term of the loan, without having to borrow further and without experiencing financial difficulty or other adverse consequences.

The checks RateSetter carried out needed to be proportionate to the nature of the credit (the amount borrowed or the term, for example) and to Mr F's particular circumstances. The overarching requirement was that RateSetter needed to pay due regard to Mr F's interests and treat him fairly. There was no set list of checks.

With this in mind, my main considerations are did RateSetter complete reasonable and proportionate checks when assessing Mr F's loan application to satisfy itself that he would be able to make his repayments without experiencing adverse consequences? If not, what would reasonable and proportionate checks have shown and, ultimately, did RateSetter make a fair lending decision?

I have reviewed the checks RateSetter carried out. It asked Mr F for his income (net monthly - £3,113). It verified this successfully using a tool from one of the credit reference agencies. It asked about his residential status (home owner with mortgage) and

was able to confirm he was paying £300 per month. It carried out a credit check to understand his existing borrowings (£3,169) and repayment history. It asked about the purpose of the loan which was 'other – purchase'. After making an assumption about his living costs it then worked out taking on this loan would leave Mr F with a surplus of £671.01 per month and so he could afford this loan.

I think this was a reasonable approach in the circumstances and RateSetter made a fair lending decision based on what it learnt. I'll explain why.

RateSetter verified Mr F's declared income to be £3,113.44. It knew from his credit file his mortgage was £300 and as he had just £3,369 of existing unsecured debt his monthly credit commitments would have been a small percentage of his income (assuming 5% repayment of outstanding balances). So it knew he had around £2,600 of remaining income to cover his fixed living costs and this loan. As it also knew he had no dependents, I think it was reasonable for it to conclude the loan would be affordable.

Mr F has asked if his bank statements were reviewed but I can't see the lender needed to do this. The loan seemed affordable on a pounds and pence basis and the credit check showed nothing concerning. It showed all his accounts were up to date and there was no adverse data recorded in the last six months. So I cannot see it missed any signs of financial instability that should have prompted further checks.

Mr F has referred to the gambling transactions that the lender would have seen on his bank statements. But even if I found it needed to carry out further checks, in the circumstances of this loan this would most likely have been reviewing his actual fixed expenses – not carrying out a line-item review of his outgoings so it would have not been aware.

It follows I am not upholding Mr F's complaint. I was sorry to read he has struggled financially and with problematic gambling. I hope he now has the support he needs. If not, he could contact StepChange on 0800 138 1111 or National Debtline on 0808 808 4000 for advice about financial difficulties. And if gambling is still problematic for him he could contact GamCare on 0808 802 0133.

Finally, I've also considered whether the relationship 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 RateSetter lent irresponsibly to Mr F 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

I am not upholding Mr F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 8 December 2025.

Rebecca Connelley
Ombudsman