

The complaint

Mr L complains that Salary Finance Loans Limited (“Salary Finance”) irresponsibly lent to him.

Mr L is represented by a professional third party, but for ease of reference I’ll mostly refer to Mr L throughout.

What happened

In August 2023 Mr L applied for a loan with Salary Finance. He said the intended purpose of the loan was for dental work. The application was accepted and he was provided with a loan for £2,000 to be repaid over 12 months with a monthly repayment amount of £192.18.

Mr L complained in February 2025. He said Salary Finance failed to conduct proper checks and he was exceeding his limits prior to the lending. Salary Finance responded – they disagreed. They said they’d verified his income with his employer directly, and also used credit reference agency (CRA) data and Office for National Statistics (ONS) data to work out his disposable income. Having done so, they were satisfied he had enough disposable income to afford the monthly repayments.

In March 2025 Mr L referred his complaint to our Service as he didn’t agree with the final response letter issued by Salary Finance. An Investigator here looked at things. Initially, the Investigator upheld Mr L’s complaint – they felt the checks weren’t proportionate and Mr L was unlikely able to afford the loan.

Following the receipt of some additional evidence from Salary Finance, the Investigator changed his mind. He felt the checks were proportionate and a fair decision to lend was made.

Mr L’s representative pushed back – they felt he’d taken significant credit out in the months leading up to the lending decision, he was overlimit on many accounts and had taken out recent cash advances.

Because an agreement couldn’t be reached, the complaint has been passed to me to decide.

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, while this will disappoint Mr L, I don’t think Salary Finance have treated him unfairly. I’ll explain my reasoning below.

The rules and regulations in place at the time Salary Finance provided Mr L with the loan required them to carry out a reasonable and proportionate assessment of whether he could afford to repay what he owed in a sustainable manner. This is sometimes referred to as an ‘affordability assessment’ or ‘affordability check’.

The checks had to be ‘borrower’ focused. This means Salary Finance had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Mr L. In other words, it wasn’t enough for Salary Finance to consider the likelihood of them

getting the funds back or whether Mr L's circumstances met their lending criteria – they had to consider if Mr L could sustainably repay the lending being provided to him.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Salary Finance did what was needed before lending to Mr L.

When Mr L applied for a Salary Finance loan, they gathered information regarding his financial circumstances. It recorded that he was earning a salary of around £39,000 per year and had outstanding debt of around £6,500. He had no defaults at the time of application. This was collated using the information Mr L declared at application, verified income with Mr L's employer and an external credit check. Using the data they had available, Salary Finance calculated that Mr L had a disposable monthly income of around £700. It's important to note that Mr L listed his rental costs as £200, but Salary Finance increased this to over £1,000 in line with ONS data. Had they relied on what Mr L had declared, which they were entitled to do so, it would appear he had even more disposable income.

I believe the checks Salary Finance carried out were proportionate, and considering the amount being provided to Mr L, and the information they gathered in these checks, I don't think they acted unfairly when providing him with the loan. I say this because it was for a relatively modest amount of £2,000, and although there were some signs of financial difficulty in the past, everything in recent months had been much improved. It wouldn't be a significant cost for Mr L to repay this credit in a reasonable period of time based on his salary and existing credit commitments.

I appreciate Mr L had some overlimit instances, but this wasn't obvious to Salary Finance. In the CRA data Salary Finance received, there's no evidence that payday lending was taken recently – the data shows Mr L's most recent payday loan was settled in 2020, and so I don't think this ought to have been a reason for Salary Finance to decline the application.

In reaching my conclusions, I've also considered whether the lending relationship between Mr L and Salary Finance might have been unfair to Mr L under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that X did not lend irresponsibly when providing X with the loan. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

So while it'll likely come as a disappointment to Mr L, I won't be upholding his complaint against Salary Finance for the reasons explained above.

My final decision

It's my final decision that I do not uphold this complaint against Salary Finance Loans Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 1 January 2026.

Meg Raymond
Ombudsman