

The complaint

Miss G complains that Hastings Financial Services Limited lent to her without the necessary checks being carried out. Miss G says that she could not afford the loan.

What happened

Hastings approved a £4,000 loan for Miss G for debt consolidation on 28 August 2024. It was repayable over 60 months at just under £106 a month.

After Miss G had complained, she received the response from Hastings and then referred it to the Financial Ombudsman Service. One of our investigators did not think that Hastings needed to put things right. Miss G disagreed. She wanted to be certain that the joint bank account statements had been taken into account along with her own. The investigator explained that because she considered Hastings checks had been proportionate then she had not reviewed the bank account statements as she had not determined that Hastings would have done that. The unresolved complaint was passed to me to decide.

On 26 November 2025 I issued a provisional decision giving reasons why I considered that the complaint ought not to be upheld. That is duplicated here for ease of reading.

What I provisionally decided on 26 November 2025 – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. We've set out our general approach to complaints about unaffordable/irresponsible lending - including all the relevant rules, guidance and good industry practice - on our website.

Taking all these into account what I need to consider in deciding what's fair and reasonable in the circumstances of this complaint is whether Hastings completed reasonable and proportionate checks to satisfy itself that Miss G would be able to repay in a sustainable way? And, if not, would those checks have shown that Miss G would've been able to do so? If I determine that Hastings did not act fairly and reasonably in its dealings with Miss G and that she has lost out as a result, I will go on to consider what is fair compensation.

The rules and regulations in place required Hastings to carry out a reasonable and proportionate assessment of Miss G's ability to make the repayments under this agreement. This assessment is sometimes referred to as an "affordability assessment" or "affordability check". It wasn't enough for Hastings to simply think about the likelihood of it getting its money back, it had to consider the impact of the loan repayments on Miss G. Checks also had to be "proportionate" to the specific circumstances of the loan application.

In general, what constitutes a proportionate affordability check will be dependent upon a number of factors including – but not limited to – the circumstances of the consumer (e.g. their financial history, current situation and outlook, and any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they are seeking. Even for the same customer, a proportionate check could look different for different applications.

But we might think more needed to be done if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty.

Miss G took one loan only and although the term was for 60 months the repayments at £106 were not particularly high. Its relevant to Hastings that Miss G was taking this as a debt consolidation loan.

Miss G told Hastings she earned £37,492 a year before tax. She gave her monthly expenses as £200, that she was living with a person and had no dependents.

Hastings obtained bank statements from Miss G for one of her accounts to verify her income, and I have been presented with copies of those from Hastings which run right up to the day before the loan was approved. And I know that these bank account statements were sent to Hastings at the time of the application as the date they were printed or downloaded is at the top of each one – 27 August 2024. So that was a comprehensive check.

Account notes provided to us from Hastings show that it had recognised she had received a bonus sum as in one month the salary was higher. It used her net monthly income for the previous two months at £2,418 and not the average of the three months including her bonus month. I consider it fair and reasonable that it used her basic salary for its assessment and not the higher figure. But it would have been aware of the bonus having been paid to her. Here are the figures supplied from its assessment in 2024.

“Existing Credit Commitments

Unsecured loans with repayment amounts totalling £576

Credit cards with balances totalling £11,496 with a 61.5% credit utilisation = £574.80 based on 5% repayment (balances as seen in CRA data)

Mail order with balance of £11 = £0.55 based on 5% repayment (balance as seen in CRA data)

Hire purchase with repayment amount of £310

Total existing credits = £1,461.35

Living Expenses

Mortgage = £200 (supplied by customer)

Non-discretionary living expenses = £371.31 (calculated using data sources including ONS and customer-supplied data)

Total living expenses = £571.31”

Where Hastings notes say ‘*Total existing credits = £1,461.35*’ I think that refers to the £1,461.35 figure as being the monthly cost of all Miss G’s credit commitments.

I consider this to have been a clear and fair way to assess matters. And I have cross referred these notes with the information supplied to me by Hastings surrounding the credit search it carried out.

One element which concerns me is that Hastings’ credit search results show that Miss G’s secured loan/mortgage was costing £628 a month. Miss G had declared £200 for living expenses. Plus, these results showed she already had five loans, and that her credit card balance was £11,496. Hastings calculated a 5% minimum repayment figure for the cards, of just under £575 a month which I consider was a generous calculation which demonstrates it was erring on the side of caution. Many lenders use only 3%.

But still that combination of loans and credit card debt added up to £28,451 plus a hire purchase (HP) plus her mortgage. That’s high. Her total repayments each month were £1,654 plus the minimum repayments to her credit cards of £575. And even if she split her mortgage

cost with another person as she lived with someone, that would reduce it to £1,340 plus £575 = £1,915. I consider that overindebted. Her net income was £2,418.

Considering her monthly repayments due on her existing credit commitments (including HP) was 79% of her standard net salary Hastings needed to have considered this loan application more carefully. Three elements which Hastings was aware of at the time of the application was that she had received a bonus in the month before and she was going to use these loan funds to reduce her debt further by consolidation. It also would have seen a £10,000 credit into the account in August 2024 which Miss G has explained was an inheritance. These elements likely would have alleviated concern.

Had additional checks been made then the second lot of bank statements (joint account with her partner) would likely have been presented to Hastings. Those have been sent to us for the same period leading up to the loan approval. These show that Miss G shared the mortgage and all the bills including food costs with another. That second account was run as a 'bills account' and so that gives an additional layer of detail.

Had Hastings asked and then been informed of this by reviewing these bank statements then this plus the bonus, the inheritance and the debt consolidation reason for the loan all point to the new lending being affordable.

Miss G was showing no signs of the financial difficulties usually associated with people in that position such as returned Direct Debits, debt management plans, delinquent accounts, defaults or any insolvency data.

In the circumstances I do consider that Hastings ought to have checked that point surrounding her mortgage repayments and had it done so, still it would have appreciated that Miss G could afford the loan at £106 a month. I plan not to uphold the complaint.

This is the end of the duplicated provisional decision.

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.

Hastings has not responded and as it was a non-uphold I'd not really expect it to.

Miss G has sent to me copies of other complaint outcomes where she's received refunds. These do not persuade me to alter the outcome. So, for the same reasons set out in the provisional decision which are repeated here, I do not uphold the complaint. The second set of bank account statements demonstrated that Miss G was sharing all her main and priority bills with another. And had Hastings asked and then been informed of this by reviewing these bank statements then this plus the bonus, the inheritance and the debt consolidation reason for the loan all point to the new lending being affordable.

Miss G was showing no signs of the financial difficulties usually associated with people in that position such as returned Direct Debits, debt management plans, delinquent accounts, defaults or any insolvency data.

In the circumstances I consider that Hastings ought to have checked that point surrounding her mortgage repayments and had it done so, still it would have appreciated that Miss G could afford the loan at £106 a month.

I've also considered whether Hastings acted unfairly or unreasonably in any other way and I have 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 it lent irresponsibly to Miss G 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

My final decision is I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 7 January 2026.

Rachael Williams
Ombudsman