

## **The complaint**

Miss S complains that a loan from Oakbrook Finance Limited was unaffordable for her and was irresponsibly granted.

## **What happened**

Miss S applied to Oakbrook Finance for a loan in April 2025 and she entered into a fixed sum loan agreement for a loan of £3,550, repayable over four years by monthly payments of £124.06. Miss S didn't make the first monthly payment and she complained to Oakbrook Finance about the loan in May 2025.

It described the checks that it undertook and said that they were appropriate to confirm that the loan was both affordable and sustainable for Miss S. Miss S wasn't satisfied with its response so she referred her complaint to this service. She says that Oakbrook Finance rejected her complaint without giving her the opportunity to submit essential evidence regarding her financial, medical, and personal circumstances at the time of borrowing which would have demonstrated that the loan was clearly unaffordable and that its affordability checks didn't reflect her actual situation. She also says that she believes that the loan was irresponsibly granted.

Miss S's complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. She thought that the checks made by Oakbrook Finance were proportionate based on Miss S's circumstances and she didn't think that it was wrong for it to have lent to her. She also that there wasn't anything in the information that Miss S provided when she took out the loan which meant that Oakbrook Finance would have been aware of the issues that she'd described in her complaint.

Miss S didn't accept the investigator's recommendation and has requested that her complaint be escalated to an ombudsman for a decision. She says that there's been a misrepresentation of her income, a failure to consider her financial hardship and vulnerability, and her evidence hasn't been properly reviewed. She also says that Oakbrook Finance didn't investigate her complaint properly, there was an incorrect income assessment and business costs were ignored, and the loan wasn't affordable and the lending was irresponsible. She's also complained about the contact that she's recently received from Oakbrook Finance about the loan and a payment arrangement.

## **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.

Miss S applied to Oakbrook Finance for a loan in April 2025 for debt consolidation and she declared on her application that her annual income was £33,500 and that her housing costs were £800 each month. Oakbrook Finance says that it verified a minimum monthly income of £1,754.00 by current account turnover and reviewed Miss S's credit report. It says that it used the housing costs that Miss S had declared and Office for National Statistics data to

estimate her living expenses.

Oakbrook Finance was required to make reasonable and proportionate checks to ensure that any lending that it was going to make to Miss S was sustainably affordable for her before entering into a loan agreement. Miss S has described in her complaint form her personal situation and I appreciate that this must have been a very difficult time for her. Miss S acknowledges that Oakbrook Finance may not have been made aware of all details of her personal situation but says that the presence of multiple lines of credit, existing debt of £3,400 and the application for a debt consolidation loan were strong indicators that should have triggered a more detailed affordability assessment.

Oakbrook Finance reviewed Miss S's credit report and calculated that she was paying £128.40 each month on her existing credit commitments. The loan was for £3,550 and Miss S's existing debt was £3,400, so I consider that it would have been reasonable for Oakbrook Finance to have concluded that using the loan to consolidate those debts would have been beneficial for Miss S. I don't consider that Oakbrook Finance would have known, or ought to have been aware, of Miss S's personal situation. I consider that the checks that Oakbrook Finance made were reasonable and proportionate for a loan of £3,550, repayable over four years by monthly payments of £124.06. I don't consider that it was required to obtain a more detailed understanding of Miss S's financial situation in these circumstances.

Oakbrook Finance calculated from those checks that Miss S was paying £128.40 each month on her existing credit commitments and estimated that her living expenses were £610.54, in addition to the housing costs of £800 that she'd declared. Deducting those costs and the monthly loan payment of £124.06 from Miss S's verified monthly income of £1,754 left Miss S with a remaining disposable income of £100. That was before any reduction in the cost of her existing credit commitments resulting from the debt consolidation for which she'd applied for the loan.

Miss S says that she's self-employed and the gross income of £33,500 that she'd declared didn't include minimum monthly business expenses of £1,030 and, if they were included she'd be left with £724 each month, before food, rent, bills, and living expenses, which should have been recognised as unsustainable. Miss S had declared her gross income as £33,500 and Oakbrook Finance used current account turnover to verify a net monthly income of £1,754. I consider that it was fair and reasonable for Oakbrook Finance to use the verified net monthly income of £1,754 for Miss S and I've seen no evidence to show that she made it aware of the business expenses to which she's referred.

I consider that it was fair and reasonable for Oakbrook Finance to conclude, on the basis of the reasonable and proportionate checks that it had made, that a loan of £3,550, repayable over four years by monthly payments of £124.06, was sustainably affordable for Miss S at the time that the loan was made to her. I don't consider that it was irresponsible for Oakbrook Finance to have made the loan to Miss S.

Miss S complained to Oakbrook Finance about the loan in May 2025 and it responded to her complaint later that month. She says that it didn't investigate her complaint properly and that she attempted to submit further evidence of affordability concerns and financial hardship, but it dismissed the need to consider additional documentation. Complaint handling isn't a regulated activity so the rules under which this service operates don't allow me to make any findings about Oakbrook Finance's handling of her complaint. I appreciate that Miss S not being able to submit that evidence has led to her feeling that it didn't investigate her complaint properly. Although I can't make any finding on this issue, I can see that Oakbrook Finance issued a detailed response to Miss S's complaint and I don't consider it to be likely that the further evidence that Miss S wanted to submit would have significantly changed its response to her complaint.

Miss S has also complained about the contact that she's recently received from Oakbrook Finance about the loan and a payment arrangement. Those issues weren't included in the complaint that she made to Oakbrook Finance and which she then referred to this service, so I'm unable to consider those issues in this decision. If Miss S wants to complain about the contact that she's recently received from Oakbrook Finance about the loan and a payment arrangement, she should complain to Oakbrook Finance about those issues and then, if she's not satisfied with its response she may be able to refer that complaint to this service.

Without making any finding on those issues, it looks to me as though the reference by Oakbrook Finance to a payment arrangement for £1,135 is a mistake as Miss S says that she's agreed a payment arrangement for £135. I note that Oakbrook Finance says that it's removed her phone number from its dialler system and will only contact her by email or letter.

I've also considered whether Oakbrook Finance acted unfairly or unreasonably in some other way, including whether its relationship with Miss S might have been unfair under section 140A of the Consumer Credit Act 1974. Having done so, I've not seen anything that makes me think that that was likely to have been the case.

It's clear that Miss S feels strongly that the loan was unaffordable for her and that Oakbrook Finance lent to her irresponsibly, so I appreciate that my decision will be disappointing for her. I've carefully considered all that she's said and provided about her complaint, but I find that it wouldn't be fair or reasonable in these circumstances for me to require Oakbrook Finance to take any action in response to Miss S's complaint.

### **My final decision**

My decision is that I don't uphold Miss S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 3 December 2025.

Jarrold Hastings

**Ombudsman**