

## **The complaint**

Miss K complains that Valour Finance Limited trading as Savvy.co.uk (“Valour”) gave her a loan without carrying out sufficient affordability checks.

## **What happened**

Miss K was granted one instalment loan of £900 in March 2024, and she was due to make 10 monthly repayments of £180. Based on the most up to date information I have an outstanding balance remains due.

In response to Miss B’s complaint, Valour said it hadn’t made an error and so Miss B referred the complaint to the Financial Ombudsman.

The complaint was considered by an Investigator, who concluded Valour made a reasonable decision to provide the loan. Miss K disagreed and she provided her reasons. These comments didn’t change the Investigator’s mind and as no agreement could 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.

We’ve set out our general approach to complaints about this type of lending - including all the relevant rules, guidance and good industry practice - on our website.

Valour had to assess the lending to check if Miss B could afford to pay back the amount she’d borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. Valour’s checks could have taken into account a number of different things, such as how much was being lent, the size of the repayments, and Miss B’s income and expenditure.

With this in mind, I think in the early stages of a lending relationship, less thorough checks might have been proportionate. But certain factors might suggest Valour should have done more to establish that any lending was sustainable for Miss B. These factors include:

- Miss K having a low income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- The amounts to be repaid being especially high (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- Miss K having a large number of loans and/or having these loans over a long period of time (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable);
- Miss K coming back for loans shortly after previous borrowing had been repaid (also suggestive of the borrowing becoming unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable for Miss B. Miss B was granted one loan so this wouldn't apply.

Valour was required to establish whether Miss B could sustainably repay the loan – not just whether she technically had enough money to make her repayments. Having enough money to make the repayments could of course be an indicator that Miss B was able to repay her loan sustainably. But it doesn't automatically follow that this is the case.

Before the loan was approved, Valour took details of Miss B's income and expenditure as well as carrying out a credit search. Having reviewed the information it gathered, and the amount lent to Miss B, I am satisfied Valour carried out proportionate checks which showed Miss B could afford the repayments, and I've outlined my reasons for doing so below.

Valour says it conducted an income check which showed it the amount of income Miss B received into her account in the preceding three months. Having carried out this check, it was satisfied Miss B's usual monthly income was £2,210.59.

I've taken on board what Miss B says about the use of this tool to check her income, but this is different to Valour asking for or obtaining her full bank statements. For a first loan this check into her income was proportionate.

As part of the application process Miss B provided Valour with details of her living costs. In a telephone call (a copy of the recorded call has been provided which I have listened to) she confirmed details of her application such as her employer and pay date, living situation and details of her income and expenditure. As a result of these checks, Valour believed Miss B's monthly outgoings came to £1,486.35 and so she had sufficient disposable income to afford the repayments.

Valour also carried out a credit search, and it has provided the results it received from the credit reference agency. It is worth saying here that although Valour carried out a credit search there isn't a regulatory requirement to do one, let alone one to a specific standard.. Valour was entitled to rely on the results it was given as it didn't have anything to suggest the results were in anyway inaccurate.

From the information it received, Valour was aware of an existing hire purchase agreement, credit cards, mobile phone accounts and current accounts. All of the active accounts had been repaid as expected with no adverse payment information recorded against them.

The credit file does show that in 2020 and 2021 Miss B encountered financial difficulties, because there are a number of accounts showing missed payments and one defaulted account. But the credit search shows all the debts on those accounts had been repaid.

Given this has occurred around three years before the loan was granted it would've been fair for Valour to have placed less weight on the adverse information because the recent repayment record was good. Taking everything into account, there wasn't, in my view, anything solely from the credit file results which would've led to Valour to decline Miss B's application or to have prompted it to carry out further checks.

Overall, given it was early in the lending relationship, it was reasonable for Valour to have relied on the information Miss B provided about her income and expenditure as well as the credit check results which showed sufficient disposable income to afford the repayments, she was committed to making.

I've also considered that Miss K has provided copy bank statements which do show that she was spending at times, significant amounts each month on gambling transactions. Miss K therefore says the loan ought to not have been granted because Valour ought to have reviewed these statements.

But for me to be able to uphold the complaint because of Miss K's gambling transactions, I would have to be satisfied that either Valour knew about the gambling or would've likely known about it by carrying out a proportionate check. I'm satisfied Valour didn't know about Miss K's gambling when she applied for the loan. I also don't think it had yet reached the point in the lending relationship where Valour needed to start verifying the information Miss K was giving it.

As such, it wouldn't have requested her bank statements, and it is only through the statements that the gambling may have become apparent. Taking account of the circumstances of the complaint, it would've been disproportionate for Valour to have gathered Miss K's bank statements.

I do understand how disappointing this outcome is for Miss K especially given her finances at the time but an outstanding balance does appear to be owed so I would remind Valour of its obligation to treat Miss K fairly and with forbearance.

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 Valour lent irresponsibly to Miss B 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**

So, for the reasons I've explained above, I'm not upholding Miss B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 18 February 2026.

Robert Walker  
**Ombudsman**