

## **The complaint**

Mr R has complained that Western Circle Ltd trading as Cashfloat (“Cashfloat”) gave him a loan without carrying out sufficient affordability checks. Had better checks been made then Cashfloat would’ve seen he was subject to an Individual Voluntary Arrangement (IVA).

## **What happened**

Mr R was granted one loan in March 2025 for £500. The loan was to be repaid through three monthly repayments of £192.25 with a final payment due of £192.15. An outstanding balance remains due.

Cashfloat didn’t uphold the complaint because it considered it had carried out checks to demonstrate the loan was affordable. Unhappy with this response, Mr R referred the complaint to the Financial Ombudsman.

The complaint was then reviewed by an Investigator, who didn’t uphold it because Cashfloat had carried out proportionate checks which showed the lending was affordable. Mr R didn’t agree, and I’ve summarised the response below.

- Mr R had been in an IVA since April 2021 and while it’s now been discharged it was ongoing at the time of the lending decision.
- He was gambling and this impacted his decision making and mental health.
- Mr R was using loans to fund his day to day living costs and Cashfloat would’ve known this had it reviewed his bank statements.
- Mr R provided a copy of a letter confirming his Insolvency Practitioner (IP) has no interest in the complaint and that the IVA is now closed.

These points didn’t change the Investigator’s mind and so 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 short-term lending - including all the relevant rules, guidance and good industry practice - on our website.

Cashfloat had to assess the lending to check if Mr R could afford to pay back the amount he’d borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. Cashfloat’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 Mr R’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 Cashfloat should have done more to establish that any lending was sustainable for Mr R. These factors include:

- Mr R 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);
- Mr R 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);
- Mr R 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 Mr R. The investigator didn't think this applied to Mr R's complaint and I would agree, as only one loan was granted.

Cashfloat was required to establish whether Mr R could *sustainably* repay the loan – not just whether he technically had enough money to make his repayments. Having enough money to make the repayments could of course be an indicator that Mr R was able to repay the loans sustainably. But it doesn't automatically follow that this is the case.

Cashfloat took details of Mr R's income and expenditure and carried out a credit search before this loan was granted. It recorded Mr R worked full time and received a monthly salary of £2,000.

Cashfloat didn't just rely on what Mr R declared instead it used a widely available tool to determine the accuracy of Mr R's income. Based on the results of this cross check Cashfloat was content to rely on what it had been told. I consider this to be reasonable and proportionate given the circumstances.

Cashfloat also made enquiries about his living costs – including credit commitments, rent and other costs. Mr R declared these to be £1,200 per month. It's worth saying here that Cashfloat says that it assessed Mr R's monthly expenditure using what is called "*trigger values*" – taken from a well-known debt charity and these values take account of an applicant's job, location, homeowner status, to name a few factors. It also used Mr R's credit file to check the accuracy of his declared monthly credit commitments.

Having used these trigger values, it estimated Mr R's monthly outgoings were the same as he had declared at £1,200 and to this it added a further buffer of £300. Cashfloat reasonably concluded there was sufficient disposable income for Mr R to be able to afford the loan repayments.

Cashfloat also carried out a credit search, and it has provided the Financial Ombudsman with a copy of the results it received from the credit reference agency and so I've reviewed this to see how Mr R had managed current and closed accounts.

The crux of this complaint is that Mr R was subject to an IVA at the time – he's provided paperwork to show that. As part of the credit search Cashfloat made enquires with regards to the public information the agency knew about Mr R. The public information would normally cover information such as IVAs, bankruptcy and County Court Judgments (CCJS). These results showed none of these applied to Mr R.

It isn't clear to me why the Cashfloat search did not reveal that Mr R was subject to any type of insolvency when the paperwork shows the IVA wasn't completed until the end of June 2025. But I'm satisfied Cashfloat wasn't aware of the IVA because it was entitled to rely on

the results from the credit reference agency as there wasn't anything to suggest that information was incorrect.

However, I've gone onto consider whether Cashfloat would've made a different decision – or had done something differently - if it was aware of Mr R's IVA. Had Cashfloat been aware of the IVA, I don't think it would've altered its decision to lend or to have prompted further checks. And I say this because there were no defaults recorded on Mr R's credit file, he had a fairly small amount of total debt of just £3,000 and all of his active accounts had been repaid without any difficulties.

In those circumstances, given how long Mr R's IVA had been running for I don't think Cashfloat would've placed as much weight on it as part of its lending decision – when the more recent credit file information suggested Mr R was managing his debits.

And having looked at the credit search results more widely there wasn't anything contained within that would've prompted further checks or to have led Cashfloat to have declined the application.

It therefore follows that I don't think Cashfloat needed to have undertaken further checks, such as reviewing Mr R's bank statements. In those circumstances, it would've been disproportionate for Cashfloat to have obtained his statements and so couldn't and wouldn't have known about Mr R's gambling.

In those circumstances, where there were no obvious payment difficulties, notwithstanding the IVA, I don't think, for a first loan that Cashfloat would've been concerned or had reason to believe the loan wasn't affordable considering it carried out a proportionate check into Mr R's circumstances before it lent to him.

I'm not upholding Mr R's complaint.

Finally, I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Cashfloat lent irresponsibly to Mr R 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**

For the reasons I've set out above I am not upholding Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 12 February 2026.

Robert Walker  
**Ombudsman**