

## The complaint

Miss L complains that East End Fair Finance Limited trading as Fair Finance was irresponsible in its lending to her and that she was not adequately assessed for the credit.

## What happened

Miss L applied for credit with Fair Finance and had a loan approved as follows:

Date	Amount of Credit	APR	Loan Term	Monthly Repayment
March 2025	£2,000	215%	15 months	£240

Miss L says that Fair Finance did not carry out the affordability checks they should have done before offering her the loan, and that it has worsened her financial situation. To resolve her complaint, she would like a refund of all interest, fees and charges, plus 8% interest.

Fair Finance investigated Miss L's complaint and said it believes it undertook appropriate checks, proportionate to the amount of credit being granted, which confirmed the loan was affordable and sustainable for Miss L. Fair Finance is therefore satisfied that it was not irresponsible in providing Miss L with the loan.

Our investigator reviewed matters and didn't think that Fair Finance had done anything wrong by providing the loan to Miss L and that its checks were adequate with affordability and sustainability established.

Fair Finance didn't dispute this, but Miss L did. She says that, although Fair Finance did review her bank statements, they did not take account of her payments to StepChange or her car finance which came out of a different account. She also raised the fact that she has a default on her record.

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.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I've had this approach in mind when considering what's fair and reasonable in the circumstances of this complaint. While I have taken into account the relevant laws and regulations, my decision is based on what I consider fair and reasonable given the circumstances of this complaint.

As our investigator has explained, before providing credit, lenders need to complete reasonable and proportionate affordability checks. There isn't a set list of checks a lender is required to carry out, it just needs to ensure the checks are proportionate when considering

things like: the type and amount of credit being provided, the size of the regular repayments, the total cost of the credit and the consumer's circumstances.

Miss L initially applied for a loan of £2,900 over 18 months and stated she could afford repayments of £300 per month. The purpose of the loan was to consolidate other borrowing.

Before the loan was approved, Fair Finance gathered information on Miss L's financial situation. It obtained access to her Halifax and Lloyds Bank accounts and her credit report. It reviewed three months of bank statements and, although Miss L had declared an income of £2,237 per month, it calculated the actual figure to be around £2,139 and used this lower figure when assessing the application.

Miss L declared her monthly expenditure, excluding unsecured loan repayments, to be £1,452. Fair Finance cross checked this against Office for National Statistics (ONS) data. It also used her credit report to include a figure for her existing debt repayment commitments on a total debt of £7,847, and calculated her to have a disposable income of at least £380 per month. As Miss L had stated she was intending to use the loan for debt consolidation, it is reasonable to assume that this might also result in her disposable income increasing from the figure calculated.

I note Miss L's comments that she was making monthly payments to StepChange, which were shown on her bank statements, and that she feels this, and the fact she had a previous default on her record, should have raised concerns around her application for credit. But the default in question happened in 2019 and Miss L's credit report showed no defaults or adverse credit events in the 36 months prior to this lending. It also showed that she was managing her existing commitments well, which supported Fair Finance's decision to lend. In terms of the payments to StepChange, Fair Finance considered that this demonstrates active debt management rather than financial distress, and I agree.

Following the checks carried out, Fair Finance approved a reduced loan of £2,000 over 15 months with monthly repayments of around £240.

Having looked at the information Fair Finance took into account, I believe the checks carried out were proportionate considering Miss L's circumstances, the amount and term of the loan and the amount of disposable income available.

But it doesn't end there. I have gone on to consider whether what these checks showed should have raised any concerns that the loan was not affordable or sustainable for Miss L.

Miss L has provided further detail on her financial situation at the time of lending, including payments to StepChange and her car finance payments, but these would have been included in the outstanding debt shown on Miss L's credit report that Fair Finance took into account, so I do not think that this changes the outcome.

The fact that Fair Finance approved a lower amount of credit than Miss L had applied for, with monthly repayments well below the amount she said she could afford, also leads me to think that they took a responsible approach to the lending and took account of her circumstances. There is nothing else in the information I have seen that leads me to believe that the lending was unaffordable or unsustainable for Miss L.

In reaching my conclusions, I've also considered whether the lending relationship between Fair Finance and Miss L might have been unfair to Miss L under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Fair Finance did not lend irresponsibly when providing Miss L with the loans. 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 Miss L, I won't be upholding her complaint against Fair Finance for the reasons explained above.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 12 March 2026.

Hannah Poulton  
**Ombudsman**