

Complaint

Ms K has complained about instalment loans she took out with East Lancashire Moneyline (IPS) Limited (trading as “Moneyline”).

She says that these loans were unaffordable and so shouldn’t have been provided to her. Ms K is also unhappy that she was provided with a third loan when she hadn’t finished repaying her second one and therefore had two loans with Moneyline at the same time.

Background

This complaint centres on the provision of three instalment loans that Moneyline provided to Ms K. Ms K’s lending history is as follows:

Loan	Taken	Concurrent with	Settled	Amount	Term	Payment	Combined payment to Moneyline
1	October 2023		February 2024	£200	14*	£55.86	
2	July 2024			£700	7**	£140.64	
3	October 2024	Loan 2		£500	12**	£70.73	£211.37

* weeks

** months

One of our investigators reviewed what Ms K and Moneyline had told us. He thought that Moneyline hadn’t acted unfairly or unreasonably in agreeing to provide these loans to Ms K and so didn’t recommend that the complaint be upheld.

Ms K disagreed and asked for an ombudsman to review the complaint and issue a final decision.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about short term lending on our website. And I’ve used this approach to help me decide Ms K’s complaint.

Having carefully thought about everything I’ve been provided with, I’m not upholding Ms K’s complaint. I’d like to explain why in a little more detail.

Our approach to irresponsible and unaffordable lending complaints

Ms K was provided with high-interest loans, intended for short-term use. So Moneyline needed to make sure that it didn’t provide them irresponsibly. In practice, what this means is that Moneyline needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Ms K before providing it.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less

thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

But we might think it needed to do more 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. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Moneyline's checks before agreeing to lend to Ms K

Moneyline says it agreed to Ms K's applications after she'd provided details of her monthly income and expenditure. It says the information Ms K provided on her income and expenditure showed that she'd be able to make the repayments she was committing to. And in these circumstances it was reasonable to lend. On the other hand, Ms K says that the loans were unaffordable and shouldn't have been provided to her.

I've carefully considered what the parties have said.

It's fair to say that this isn't a case where the lender simply relied on information provided by a borrower at face value. The information Moneyline has provided suggests that Ms K was asked to provide details of her income, was asked questions about her expenditure and that credit checks were carried out before all of these loans were provided. Furthermore, Ms K provided Moneyline with open banking access to her main bank account which allowed it to cross check the declarations that she had made.

I appreciate that Ms K had previously defaulted on credit commitments. But that wasn't unusual for customers in the sector that Moneyline was operating in. And I'm satisfied that the presence of these defaults in themselves weren't a reason for Moneyline to decline lending to Ms K.

I accept the possibility that Ms K's actual circumstances may not have been reflected either in the information she provided, or the other information Moneyline obtained. And I'm sorry to hear that Ms K was struggling financially and that she found it difficult to repay her loans.

But Moneyline could only make its decisions based on the information it had available at the time. Bearing in mind the amount of the repayments for these loans, the questions Ms K was asked and this was at the beginning of Ms K's lending relationship with Moneyline, I don't think it was unreasonable for Moneyline to rely on the information Ms K had provided in deciding whether to advance these loans. Equally, I'm also satisfied that the information Moneyline gathered did not show that these loans were individually and as a matter of fact unaffordable for Ms K.

Did Moneyline lend to Ms K in circumstances where it ought reasonably to have realised that doing so was unsustainable or otherwise harmful for her?

In reaching my conclusions, I've also kept in mind that Moneyline provided a total of three loans to Ms K and in some circumstances repeat borrowing in itself can sometimes be an indication of a customer borrowing in a way that is unsustainable. However, I think that there are a number of reasons why Ms K's pattern of borrowing doesn't in itself appear problematic here.

Firstly, there was a significant break of around 5 months between loan 1 being repaid and loan 2 being provided. I note that Ms K believes that she shouldn't have been provided with loan 3 as she hadn't as yet repaid loan 2. I note the investigator's assessment referred to loan 2 and loan 3 being merged together. I'm not entirely sure what he meant by this as it

seems pretty clear to me that Ms K was provided with a completely separate third loan and the balance on loan 2 remained outstanding.

Nonetheless, I'm mindful that at the time Ms K was provided with loan 3 her balance on loan 2 was just over £450. So she was effectively in a position where she was left owing Moneyline a capital amount of £950 after loan 3 was provided. I think it worth noting that it's not unusual or prohibited for a lender to provide a customer with more than one loan at the same time.

Furthermore, it also isn't uncommon for individual short term loans to be provided for the combined amount Ms K owed Moneyline after loan 3 was provided (in other words, £950), or over terms equivalent to the entire period Ms K was due to be indebted to Moneyline for. So I don't think that Ms K having two loans at the same time in itself was problematic.

In these circumstances, I don't think that it was unreasonable for Moneyline to lend on the basis that it ought to have realised that Ms K was using these loans in a way that was unsustainable. This is especially as the individual loans appeared affordable and the credit searches did not indicate that Ms K's position was worsening either.

So while Ms K being a repeat borrower here has led to me taking a closer look at the overall pattern of lending, I'm satisfied that it wasn't unfair for Moneyline to have provided these loans to Ms K on the basis that it ought to have realised that it was increasing her indebtedness in a way that way unsustainable or otherwise harmful.

Section 140 of the Consumer Credit Act 1974

Finally, I've also considered whether the lending relationship between Moneyline and Ms K might have been unfair to Ms K under s140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I'm not persuaded that Moneyline irresponsibly lent or treated Ms K unfairly bearing in mind all of the circumstances. And I haven't seen anything to suggest that s140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

My overall conclusions

Overall, and based on the available evidence, I've not been persuaded that Moneyline acted unfairly when providing Ms K with these loans. So I'm not upholding this complaint. I appreciate that this will be very disappointing for Ms K. But I hope she'll understand the reasons for my decision and that she'll at least feel that her concerns have been listened to.

The position going forward

It's my understanding that outstanding balances remained on loan 2 and loan 3 at the time Ms K complained to Moneyline. Although I'm not upholding this complaint, I'd like to remind Moneyline of its obligation to exercise forbearance and due consideration – particularly given what it now knows about Ms K's situation and her ability to make payments – should outstanding balances remain on any loans, it own any debt and it be the case that Ms K is experiencing financial difficulty.

My final decision

For the reasons I've explained, I'm not upholding Ms K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or

reject my decision before 6 October 2025.

Jeshen Narayanan
Ombudsman