

## **The complaint**

Miss V has complained that Western Circle Ltd trading as Cashfloat (“Cashfloat”) gave her a loan without carrying out sufficient affordability checks. Had better checks been made then Cashfloat would’ve seen she was already in financial difficulties.

## **What happened**

Miss V was granted one loan on 5 October 2023 for £600. The loan was to be repaid through two monthly repayments of £293.65 with a final payment due of £293.70. The loan was repaid in December 2023.

Cashfloat didn’t uphold the complaint because it considered it had carried out sufficient checks. Unhappy with this response, Miss V referred the complaint to the Financial Ombudsman.

The complaint was then reviewed by an Investigator, who didn’t uphold it. Miss V didn’t agree, saying at the time she was in a pattern of repeat borrowing and she provided a list of other loans she took at around the same time.

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 Miss V 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. 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 Miss V’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 Miss V. These factors include:

- Miss V 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 V 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 V 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 V. The Investigator didn't think this applied to Miss V's complaint and I would agree, as only one loan was granted – so there is no indication of repeat lending with Cashfloat.

Cashfloat was required to establish whether Miss V 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 V was able to repay the loan sustainably. But it doesn't automatically follow that this is the case.

Cashfloat took details of Miss V's income and expenditure and carried out a credit search before this loan was granted. It recorded Miss V worked full time and received a monthly salary of £3,000.

Cashfloat didn't just rely on what Miss V declared, instead it used a widely available tool to determine the accuracy of her 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 her living costs – including credit commitments, rent and other costs. Miss V declared these to be £1,275 per month. It's worth saying here that Cashfloat says that it assessed Miss V'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 Miss V's credit file to check the accuracy of her declared monthly credit commitments.

Having used these trigger values, it estimated Miss V's monthly outgoings were more than she had declared – at around £2,107 and to this it added a further buffer of £300. Cashfloat reasonably concluded there was sufficient disposable income for Miss V 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 what Cashfloat was told.

Firstly, Cashfloat was aware of three defaulted accounts from 2020. One had been repaid and two were being repaid on a monthly basis. I've thought about these defaults, but I do think it would've been reasonable for Cashfloat to place less weight on them as an indicator of Miss V's current financial status because these had occurred around three years before this loan was advanced.

However, Cashfloat was aware that Miss V didn't have any other types of insolvency recorded against her – such as a bankruptcy or County Court Judgments. And all of her active accounts had been repaid without any obvious difficulties. The credit search did show that at the time Miss V was repaying three loans – one of which had been opened for coming up to two years. The other two had been opened in June and July 2023 but these had been repaid as expected.

Compared to Miss V's monthly income, her overall debt of around £5,400 was modest and she was managing to pay her existing creditors, 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.

I've thought about the list of loans Miss V provided which shows lending from May 2023 onwards. It's worth saying here that some of the loans were taken out very close to or after this loan and so Cashfloat wasn't aware of them. Indeed, as I've said above it knew of three loans that were open at the time. And I don't think Cashfloat would've been overly concerned by any recently closed loans either given that recently Miss V had been able to repay her creditors as expected.

There were no obvious payment difficulties, 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 Miss V's circumstances before it lent. It therefore follows that I don't think Cashfloat needed to have undertaken further checks, such as reviewing Miss V's bank statements or making further enquires with her about her financial situation. In those circumstances, it would've been disproportionate for Cashfloat to have obtained her statements or other documents to verify her financial position.

I'm not upholding Miss V's complaint.

Finally, 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 Cashfloat lent irresponsibly to Miss V 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**

For the reasons I've set out above I am not upholding Miss V's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss V to accept or reject my decision before 20 February 2026.

Robert Walker  
**Ombudsman**