

The complaint

Mr P has complained that Plata Finance Limited were irresponsible when approving a loan.

What happened

Plata provided Mr P with a loan of £7,500 in January 2024 to be repaid over three years, with monthly repayments of just under £300.

Mr P says the lending decision was irresponsible. He says the checks carried out were insufficient and a more thorough check would have revealed that the required repayments were unaffordable.

Plata reviewed Mr P's complaint and didn't uphold it. They were satisfied that appropriate checks were carried out prior to approving his application. They felt that there was no indication that the repayments were unaffordable.

An investigator then reviewed the merits of Mr P's complaint but didn't feel that Plata had done anything wrong.

Mr P disagreed with our investigator's opinion and asked for an ombudsman to review all the facts and 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.

Having done so, I'm not upholding this complaint. I know this will disappoint Mr P, so I'll explain why.

The rules and regulations in place at the time Plata provided Mr P with the loan required them to carry out a reasonable and proportionate assessment of whether he could afford to repay what he owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Plata had to think about whether repaying the credit would cause difficulties or adverse consequences for Mr P. In other words, it wasn't enough for Plata to consider the likelihood of them getting the funds back – they had to consider the impact of any repayments on Mr P.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Plata did what they needed to before providing the loan.

Plata used information declared by Mr P in his application, they did a credit reference agency (CRA) check and used internal modelling to help them decide whether the credit was affordable for Mr P.

Mr P's CRA report showed no adverse information on any open accounts, not having been in arrears or missed any required payments. He had a total debt, mainly on credit cards, of just under £18,000.

In his application, Mr P declared a net monthly income of just under £2,000 and no monthly rental payments, as he was living with his parents, and this income level was verified by Plata, through a CRA.

Using all the information available to them, Plata estimated that Mr P would have a remaining disposable income of over £700 per month, after taking into consideration the monthly repayments on his existing debt and the required repayments for this new loan.

Plata felt this demonstrated affordability, leaving a sufficient amount to cover general costs of living and to leave a buffer for unexpected expenditure, so considered this to have been a reasonable and proportionate assessment.

I have reviewed and validated all the figures I have referenced above. The monthly credit repayment figure used is in line with a reasonable approach to repaying credit, over and above the minimum required each month.

The CRA information indicated that the existing credit was generally being well managed, with regular repayments above the minimum required, albeit with some cash withdrawals.

After consideration of all the factors noted, I'm satisfied that Plata did undertake a reasonable and proportionate check, and I'm not persuaded that their decision to provide this loan was irresponsible.

In reaching my conclusions, I've also considered whether the lending relationship between Mr P and Plata might have been unfair to Mr P under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Plata did not lend irresponsibly when providing Mr P with the loan or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that Section 140A of the CCA would, given the facts of this complaint, lead to a different outcome here.

I would like to thank Mr P for his openness with this service regarding his current situation, and whilst I'm not upholding this complaint, I'd like to remind Plata of their obligation to exercise forbearance moving forward as Mr P is experiencing financial difficulty. I would also certainly encourage Mr P to keep in regular contact with Plata about any difficulties he's facing.

My final decision

It's my final decision that I don't uphold this complaint against Plata Finance Limited, for the reasons explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 26 February 2026.

David Barker
Ombudsman