

## **The complaint**

Ms C complains Western Circle Ltd trading as Cashfloat irresponsibly lent to her.

## **What happened**

In July 2021, Ms C took out a loan with Cashfloat. The loan was for £800, repayable through four monthly instalments of £295.10.

In March 2025, Ms C complained to Cashfloat about its decision to lend. In doing so, Ms C said, amongst other things, that Cashfloat failed to carry out enough checks to ensure that the lending was suitable. Ms C went on to say that at the time Cashfloat agreed to lend, she was already in considerable debt. Ms C says, therefore, that it should have been clear to Cashfloat that she could not afford more debt.

In April 2025, Cashfloat issued its final response in which it did not uphold the complaint. In doing so, Cashfloat said that it had carried out sufficient checks prior to agreeing to lend and, having done so, it was satisfied the lending was affordable for Ms C.

Unhappy with this, Ms C referred her complaint to our service.

One of our investigators reviewed Ms C's complaint. The investigator issued their opinion in June 2025 in which they did not uphold the complaint. In doing so, the investigator said that Cashfloat completed reasonable and proportionate checks prior to agreeing to lend and the information it gathered as a result of those checks wouldn't have given it cause to refuse to lend.

Ms C did not agree with the investigator's findings. As an agreement couldn't be reached, the complaint has been passed to me to review afresh.

## **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.

The Financial Ombudsman Service has set out its general approach to complaints about irresponsible and unaffordable lending on its website. And, having taken this into account along with everything else I need to consider, I don't think it would be fair or reasonable to uphold this complaint. I recognise this will be disappointing for Ms C. I hope my explanation helps her to understand why I've come to this conclusion.

However, before I explain my reasoning, I would like to make it clear that I won't comment on everything that has been said or provided by both parties. Instead, I'll comment only on what I think is required to reach a fair and reasonable answer in this case. This is not intended as a discourtesy to either party, but it reflects the informal nature of this service in resolving disputes.

Ms C was provided with a high-interest loan, intended for short-term use. So, Cashfloat

needed to make sure that it didn't provide it irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Ms C could repay the loan repayments when they fell due and without the need to borrow further.

These checks weren't prescriptive, but could take into account a number of different things such as how much was being lent, the repayment amounts and the consumer's income and expenditure.

So, in keeping with the information on the Financial Ombudsman Service's website, I think there are a number of overarching questions I need to consider when deciding a fair and reasonable outcome given the circumstances of this complaint:

1. Did Cashfloat carry out reasonable and proportionate checks to satisfy itself that Ms C was likely to have been able to repay the borrowing in a sustainable way?
  - i. If Cashfloat carried out such checks, did it lend to Ms C responsibly using the information it had?  
  
Or
  - ii. If Cashfloat didn't carry out such checks, would appropriate checks have demonstrated that Ms C was unlikely to have been able to repay the borrowing in a sustainable way?
2. If relevant, did Ms C lose out as a result of Cashfloat's decision to lend to her?
3. Did Cashfloat act unfairly or unreasonably in some other way?

There are many factors that could be relevant when determining how detailed proportionate checks should have been. And while much will depend on the circumstances in question, the more obvious factors include – though aren't necessarily limited to:

- The type of credit Ms C was applying for along with the size, length and cost of the borrowing; and
- Ms C's financial circumstances – which included her financial history and outlook along with her situation as it was, including signs of vulnerability and/or financial difficulty.

And generally speaking, I think reasonable and proportionate checks ought to have been more thorough:

- The lower an applicant's income because it could be more difficult to make the repayments as a result;
- The higher the amount repayable because it could be more difficult to meet a higher repayment, especially from a lower level of income; and
- The longer the loan term, because the total cost of the credit was likely to have been greater given the longer time over which repayments have to be made.

As a result, the circumstances in which it was reasonable to conclude that a less detailed affordability assessment was proportionate strike me as being more likely to be limited to applicants whose financial situation was stable and whose borrowing was relatively insignificant and short-lived – especially in the early stages of a lending relationship.

I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Ms C's complaint.

*Did Cashfloat carry out reasonable and proportionate checks?*

Prior to agreeing to lend, Cashfloat asked Ms C to provide information about her employment status and income. Ms C declared she was employed full-time, and her net monthly income was £3,250. Cashfloat says it carried out electronic checks to verify Ms C's income and the result was positive – indicating to Cashfloat that what Ms C had declared was likely to be accurate. For a first loan, I consider this to be a proportionate check

Cashfloat also made enquiries about Ms C's living costs. This was broken down into several categories including utilities, transport, food and existing financial commitments. Ms C declared her monthly expenditure totalled £1,800. It's worth saying here that Cashfloat says that it assessed Ms C'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. And, it uses the greater of either the applicant's declared expenditure or the "trigger values" as part of its affordability assessment.

Having done so, it relied on the expenditure figures Ms C provided (this being the higher of the two) and to this it added a further buffer of £100. Deducting all of this from Ms C's income, it looked like she had £1,350 disposable income per month before the lending in question was taken into account. Once the monthly repayment for the lending in question (£295.10) is also deducted from this figure, it looked like Ms C was left with around £1,055 each month.

Cashfloat also carried out a credit check prior to agreeing to lend. This provided it with information about Ms C's credit history and what she was paying to service her existing credit commitments.

On the face of it, it is difficult to reconcile such a significant amount of monthly disposable income – and a loan application for only £800 – especially when it came at such a high cost. I acknowledge that people make all sorts of decisions for all sorts of reasons. And it isn't for me to impose my own view on the merits of applying for a loan like the one in question only to then conclude that Cashfloat should have carried out more detailed checks – or otherwise refused to lend - on that basis alone.

It wasn't a particularly large loan, and the monthly repayments were not substantial in relation to what Cashfloat understood to be Ms C's income. And it was repayable over a reasonably short period of time. Further, this appears to have been Ms C's first loan with Cashfloat. As such, I don't think there was any established pattern in her borrowing needs, at least from Cashfloat, at that stage.

With all of that being the case, I think Cashfloat proceeded with a proportionate amount of information.

However, once Cashfloat had the information it thought it needed, it then had to evaluate it because it still had to reasonably assess whether Ms C could afford to meet the loan repayments in a sustainable way over the term of the loan.

*Did Cashfloat lend to Ms C responsibly using the information it had?*

As I've said, the information Cashfloat gathered through what were, in my view, reasonable and proportionate checks suggested Ms C was left with around £1,055 each month. So,

Cashfloat was satisfied that the repayments for this loan should've been affordable for Ms C on a simple pounds and pence basis. This was, in my view, a reasonable conclusion in the circumstances.

I've turned to look at the results from the credit check Cashfloat carried out. The results suggested there was no indication of any insolvencies or any other public records – such as County Court Judgments – about which Cashfloat had been informed.

I note there were a total of eight defaulted accounts present on the report. On the face of it, the presence of defaulted accounts may be a cause for concern for a prospective lender. However, I note six of these defaults were applied some four to five years before the lending in question. And the two most recent defaults were applied around two years prior to the lending in question. Therefore, Lending Stream would, quite reasonably, have cause to consider these historic and not necessarily representative of Ms C's current financial situation. I say this noting that the majority of the defaulted balances appear to have since been satisfied.

The credit search also revealed Ms C had several active loans and revolving credit facilities, all of which appear to be being maintained. I note that the report appears to suggest Ms C has a revolving credit balance greater than her available limits. A review of the credit file reveals this not to be the case. From what I can see, Ms C had a total of six active revolving credit facilities (four mail order accounts, one overdraft and one credit card account) at the time of the lending in question all of which were being managed within agreed limits. So I don't think this would have given Cashfloat cause for concern.

There is what appears to be evidence of Ms C taking out short-term lending (labelled as *Advance against income* on the report) in the months prior to the lending in question, although it looks like only one such account was active at the time the lending in question was granted. I note no adverse information was reporting with relation to these accounts.

It isn't unusual for lenders in the sector Cashfloat operates in to lend to a customer who had payday or short-term loans on their credit files. But it does not mean that would lead to Cashfloat needing to do further checks or to have declined Ms C's application.

But, putting that to one side, what's more important is that even allowing for reasonable repayments to what Cashfloat understood to be Ms C's existing credit commitments, this loan appears to have been affordable for her.

What's more, Ms C's overall unsecured indebtedness was, in my view, not too significant relative to what Cashfloat understood to be her income.

I accept that Ms C's actual circumstances when Cashfloat lent to her may have been worse than the information it gathered appeared to suggest. Indeed, I note in her submissions to our service Ms C refers to defaults applied in 2020 and 2021 (and therefore closer to the lending in question). And I accept that this information may have been revealed had Cashfloat conducted further checks. But I have to think about this in the context of this being an application for a first loan involving a relatively small amount. In that context, I don't think further checks would have been proportionate. In other words, I don't think Cashfloat acted unfairly by relying in the information it did gather.

And, looking at things in the round – and with a particular focus on the size and length of the lending in question - I don't think the results of the checks Cashfloat carried out should have prompted further checks or prevented it from lending to Ms C.

*Did Cashfloat act unfairly or unreasonably in some other way?*

I've also considered whether Cashfloat acted unfairly or unreasonably in some other way given what Ms C has complained about, including whether their relationship with her might have been viewed as unfair by a court under s.140A Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think Cashfloat lent irresponsibly to Ms C or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

Whilst I recognise this will be disappointing for Ms C, I do not think Cashfloat has acted unfairly here and, therefore, I do not uphold this complaint.

### **My final decision**

For the reasons I've outlined above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 14 November 2025.

Ross Phillips  
**Ombudsman**