

## **The complaint**

Mr B complains Western Circle Ltd trading as Cashfloat (“Cashfloat”) irresponsibly lent to him, and didn’t treat him with forbearance when he was in financial difficulties.

## **What happened**

In April 2023 Mr B applied for a loan with Cashfloat for £500. It was accepted and due to be repaid over six months at a monthly repayment amount of £143.15.

In June 2023 Mr B reached out to Cashfloat to explain he was experiencing financial difficulties and required support. Following an income and expenditure assessment a repayment arrangement was set at £60 per month.

Mr B told Cashfloat shortly after he was discussing his options with a third-party debt charity, and Cashfloat paused the arrangement for 30 days. There was some back and forth and some reductions in monthly amounts as and when Mr B required them, but the loan was finally repaid in December 2024.

In December 2024, Mr B complained to Cashfloat that they’d lent to him irresponsibly and they hadn’t supported him when he was in financial difficulty. He said he was gambling at the time of lending and had several other payday loans. He said he didn’t realise Cashfloat would continue to charge interest when he was in a repayment arrangement and they contributed to his poor mental health at the time as they didn’t show any sympathy to his situation.

Cashfloat responded to the complaint. They didn’t uphold it. They said they conducted thorough checks as well as relying on information Mr B had declared at application, such as his monthly income. They said he had no defaults or County Court Judgements (CCJs) in 36 months and therefore were satisfied he was able to afford the short-term loan.

Mr B didn’t agree with the response so he referred the complaint to our Service. An Investigator looked into things. They initially issued an opinion that looked at the lending decision. They felt proportionate checks were carried out and a fair decision to lend was made.

In response to the complaint, Mr B said he didn’t agree with what was said. He felt the income Cashfloat relied upon wasn’t accurate and he felt the opinion hadn’t addressed his concerns around forbearance. So, a second opinion was issued.

The Investigator said Cashfloat had entered into various arrangements with Mr B and at times had frozen interest and charges and therefore, they’d done everything they were required to do. Mr B didn’t agree, and 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.

Having done so, I'm in agreement with the Investigator that Cashfloat haven't treated Mr B unfairly. I appreciate this will come as a disappointment to Mr B, so I'll explain my reasoning below.

The rules and regulations in place at the time Cashfloat provided Mr B 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 Cashfloat had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Mr B. In other words, it wasn't enough for Cashfloat to consider the likelihood of them getting the funds back or whether Mr B's circumstances met their lending criteria – they had to consider if Mr B could sustainably repay the lending being provided to him.

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 Cashfloat did what was needed before lending to Mr B.

When Mr B applied for the loan, Cashfloat gathered information regarding his financial circumstances. It recorded that he was earning a salary of around £4650 per month and had outstanding debt of around £16,000. He had no defaults in the 36 months prior to the application. Mr B told Cashfloat in his application his monthly expenses were around £180 per month, his existing credit commitments cost him around £200 per month and his mortgage was also around £200 per month. Cashfloat felt Mr B's living expenses were low, so they increased these to a total of around £1,200. They verified his income by testing what Mr B had declared using a current account turnover check which came back as in line with what he'd declared. This information was collated using the information Mr B declared at application, and an external credit check and Office of National Statistics (ONS) data.

I believe the checks Cashfloat carried out were proportionate, and considering the amount being provided to Mr B, and the information they gathered in these checks, I don't think they acted unfairly when providing Mr B loan. I say this because it was for a relatively modest amount of £500, and there were no signs of financial difficulty in the past. It wouldn't be a significant cost for Mr B to repay this credit in a reasonable period of time based on his salary and existing credit commitments.

I'm sorry to hear Mr B was gambling at the time, and I understand he was spending in a harmful way, but this wasn't evident yet on the credit file Cashfloat obtained at the point of application, so there was nothing to suggest the loan would be unaffordable for him. I note Mr B's points regarding the difficult time he had – and I thank him for sharing. But it would be unreasonable for me to conclude the business was solely responsible, and as a Service, we're not punitive. We consider the obligations a business had at the time, and what is expected of them.

I've gone on to think about Mr B's complaint around forbearance. From what I've seen, Cashfloat have helped Mr B during a time of difficult by arranging a reduced payment plan, they haven't defaulted him when they could have and have allowed him periods of non-payment or nominal payment. They've supported him to a point where he's been unable to clear the amount he owed them, which is positive to see.

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

### **My final decision**

It's my final decision that Western Circle Ltd trading as Cashfloat didn't treat Mr B unfairly when lending to him or when helping him through financial difficulties.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 21 October 2025.

Meg Raymond  
**Ombudsman**