

Complaint

Mr Y has complained about a loan Oakbrook Finance Limited (trading as “Likely Loans”) provided to him.

He says he shouldn’t have been lent to as the loan was unaffordable and the reasons for this would have been clear had bank statements been requested from him.

Background

Likely Loans provided Mr Y with a loan for £1,000.00 in December 2021. This loan was due to be repaid in 12 monthly instalments of £109.76. One of our investigators reviewed what Mr Y and Likely Loans had told us. And she didn’t recommend that Mr Y’s complaint be upheld.

Mr Y disagreed with our investigator’s assessment and asked for an ombudsman to look at his complaint.

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 unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr Y’s complaint.

Having carefully thought about everything, I’ve decided not to uphold Mr Y’s complaint. I’ll explain why in a little more detail.

Likely Loans needed to make sure that it didn’t lend irresponsibly. In practice, what this means is Likely Loans needed to carry out proportionate checks to be able to understand whether Mr Y could afford to repay before providing this loan.

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 it – 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.

Likely Loans says it agreed to Mr Y’s application after he provided details of his monthly income and some information on his expenditure. It says it cross-checked this against information on a credit search it carried out and this showed Mr Y could afford to make the repayments he was committing to.

On the other hand, Mr Y has said he was in financial difficulty and this meant that Likely Loans shouldn't have lent to him.

I've carefully thought about what Mr Y and Likely Loans have said.

The first thing for me to say is that Likely Loans didn't just simply accept what Mr Y had told it. It obtained a copy of a payslip from Mr Y and carried out credit searches. The credit search showed that Mr Y didn't have any recent significant adverse information recorded against him such as defaults or County Court Judgments ("CCJ") recorded against him. Furthermore, Mr Y didn't have an excessive amount of debt bearing in mind his monthly income.

I accept that Mr Y appears to be suggesting that his actual circumstances may not have been fully reflected either in the information he provided, or the information Likely Loans obtained. I know that Mr Y has said that he struggled to make his repayments because of his gambling.

However, Likely Loans didn't know about Mr Y's gambling and I don't consider it fair and reasonable to expect it to have included information it couldn't have known about when making its lending decision.

So while I'm sorry to hear about what Mr Y has told us, I can only determine this complaint by reference to what Likely Loans could reasonably be expected to know. With this in mind, Likely Loans' checks didn't appear to indicate that Mr Y might have been struggling and most importantly they did not suggest that £1,000.00 was a large amount for him.

In these circumstances, I'm not persuaded that the sort of checks Mr Y now insists should have been carried out, and which may or may not have uncovered Mr Y's gambling, needed to be carried out at the time.

For the sake of completeness, I should add that at best, even if I were to accept that further checks were necessary, which I'm not necessarily persuaded is the case here, any such checks would only have gone as far as finding out more about Mr Y's regular living costs. And I've not anything to indicate that further information on Mr Y's actual living costs would have seen Likely Loans make a different lending decision in this instance.

As this is the case, I don't think that Likely Loans did anything wrong when deciding to lend to Mr Y - it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable. I appreciate this will be very disappointing for Mr Y. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

I've noted that Mr Y is unhappy with the communications he received once he began accruing arrears on his loan. However, as our investigator has explained we cannot consider this as Likely Loans has already dealt with this matter as part of a separate complaint. I would also add that Mr Y has already been told what to do should he believe that he has material new information, which wasn't available, at the time of his original complaint.

My final decision

For the reasons I've explained, I'm not upholding Mr Y's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 3 February 2026.

Jeshen Narayanan
Ombudsman