

Complaint

Mr G has complained about high-cost short-term credit (“HCSTC”) instalment loans he took out with Western Circle Ltd (trading as “Cashfloat”). He says that these loans were unaffordable and so shouldn’t have been provided to him.

Background

In November 2023, Cashfloat provided Mr G with an instalment loan for £300. This loan was due to be repaid in three instalments of around £162. Mr G settled this loan in full in February 2024. In June 2024, Mr G applied for and was approved for a second loan. This loan was also for £300 and also due to be repaid in three instalments. However, this time the instalments were around £138.

One of our investigators reviewed what Mr G and Cashfloat had told us. And she thought that Cashfloat ought to have realised that it shouldn’t have provided these loans to Mr G. So the investigator recommended that Mr G’s complaint be upheld.

Cashfloat disagreed and asked for an ombudsman to look at the complaint.

My provisional decision of 15 September 2025

I issued a provisional decision – on 15 September 2025 - setting out why I wasn’t intending to uphold Mr G’s complaint.

In summary, I was satisfied that that Cashfloat carried out proportionate checks which showed that these loans were affordable for Mr G. In these circumstances, I was of the view that it wasn’t unfair for Cashfloat to have lent to Mr G.

Cashfloat’s response to my provisional decision

Cashfloat didn’t respond to my provisional decision or ask for any additional time in order to do so.

Mr G’s response to my provisional decision

Mr G didn’t respond to my provisional decision or ask for any additional time in order to do so either.

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 short term lending on our website. And I’ve used this approach to help me decide Mr G’s complaint.

Having carefully thought about everything, including events since my provisional decision, I'm not upholding Mr G's complaint. I'd like to explain why in a little more detail.

Our approach to irresponsible and unaffordable lending complaints

Mr G was provided with high-interest loans, intended for short-term use. So Cashfloat needed to make sure that it didn't provide them irresponsibly. In practice, what this means is that Cashfloat needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr G before providing it.

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 that information – 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.

Cashfloat's checks before agreeing to lend to Mr G

Cashfloat says it agreed to Mr G's applications after he'd provided details of his monthly income and expenditure. It says the information Mr G provided on his income and expenditure showed that he'd be able to make the repayments he was committing to. And in these circumstances it was reasonable to lend. On the other hand, Mr G says that the loans were unaffordable and shouldn't have been provided to him.

I've carefully considered what the parties have said.

Did Cashfloat act fairly and reasonably when providing these loans to Mr G?

It's fair to say that this isn't a case where the lender simply relied on information provided by a borrower at face value. The information Cashfloat has provided suggests that Mr G was asked to provide details of his income, was asked questions about his expenditure and that credit checks were carried out before both of these loans were provided.

I note that our investigator was of the view that Cashfloat shouldn't have lent to Mr G as he had taken out other HCSTC. However, the credit check doesn't name Mr G's creditors and it doesn't clearly define the loans the investigator has referred to as being HCSTC loans. So even on a manual review of the credit search it isn't categorically clear that Mr G had a recent history of taking out HCSTC.

In any event, even if the loans referred to were I'm not persuaded that the number of loans in themselves represented an unsustainable cycle at this stage. Furthermore, it seems to me that Cashfloat's checks not only accounted for Mr G's existing credit, but also factored in repayments to them. Given that these checks showed that the repayments for these loans were affordable, notwithstanding Mr G's existing commitments, it's difficult for me to reach the conclusion that Mr G shouldn't have been lent to.

Bearing in mind the amount of the repayments for these loans, the questions Mr G was asked and this was at the beginning of Mr G's lending relationship with Cashfloat, I don't think it was unreasonable for Cashfloat to rely on the information Mr G had provided in deciding whether to advance these loans.

Furthermore, as the information that was gathered suggested that these loans were affordable for Mr G, I'm satisfied that it was fair and reasonable for Cashfloat to provide have provided them to Mr G.

Did Cashfloat lend to Mr G in circumstances where it ought reasonably to have realised that doing so was unsustainable or otherwise harmful for him?

In reaching my conclusions, I've also kept in mind that Cashfloat provided two loans to Mr G and in some circumstances repeat borrowing in itself can sometimes be an indication of a customer borrowing in a way that is unsustainable. However, I think that there are a number of reasons why Mr G's pattern of borrowing doesn't in itself appear problematic here.

Firstly, there was a significant break of approaching four months between loan 1 being repaid and loan 2 being provided. Secondly, the amount Mr G borrowed for loan 2 didn't increase from the amount for his first loan. I also think that it's worth also noting that Mr G was only ever indebted to Cashfloat for a total period of six months.

Bearing in mind it's not uncommon for individual high-cost short-term credit loans to be provided for amounts of the total amount Mr G borrowed from Cashfloat, over terms equivalent to the entire period Mr G was indebted to Cashfloat for, I don't think that Cashfloat ought to have realised that Mr G was using these loans in a way that was unsustainable.

So while Mr G being a repeat borrower here has led to me taking a closer look at the overall pattern of lending, I'm satisfied that it wasn't unfair for Cashfloat to have provided these loans to Mr G on the basis that it ought to have realised that it was increasing Mr G's indebtedness in a way that way unsustainable or otherwise harmful.

Section 140 of the Consumer Credit Act 1974

Finally, I've also considered whether the lending relationship between Cashfloat and Mr G might have been unfair to Mr G under s140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I'm not persuaded that Cashfloat irresponsibly lent or treated Mr G unfairly bearing in mind all of the circumstances. And I haven't seen anything to suggest that s140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall, and based on the available evidence, I've not been persuaded that Cashfloat acted unfairly when providing Mr G with these loans. So I'm not upholding this complaint.

I appreciate that this will be very disappointing for Mr G – particularly as our investigator, albeit erroneously, suggested that the complaint should be upheld. But I hope he'll understand the reasons for my decision and that he'll at least feel that his concerns have been listened to.

My final decision

For the reasons I've explained above and in my provisional decision of 15 September 2025, I'm not upholding Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 30 October 2025.

Jeshen Narayanan

Ombudsman