

## **The complaint**

Mr W argues that Salad Finance Limited acted unfairly by agreeing a loan he couldn't afford to repay.

## **What happened**

In August 2024 Salad Finance gave Mr W a £1,000 loan to be repaid over 18 months. The monthly repayments were typically £88.06 (with a slightly lower final instalment).

Mr W argues he was overindebted at the time and Salad Finance shouldn't have lent to him. He says if it had completed proportionate checks, it would have seen how over reliant on credit he was.

Salad Finance considered his complaint but disagreed. It felt it had completed proportionate checks, and that the results of these suggested he had enough disposable income to afford to repay this loan.

Our investigator considered the complaint. They concluded that although they didn't think Salad Finance completed proportionate checks, had it done so it would still have been reasonable to lend. Mr W didn't agree and asked for an ombudsman to consider the complaint.

## **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 reaching the same outcome as the investigator. I appreciate that this will be disappointing for Mr W.

I've read everything that the parties have said, but I'll concentrate my comments on what I think is relevant. If I don't comment on a specific point it's not because I've failed to consider it, but because I don't think I need to comment in order to reach a fair and reasonable outcome. And our rules allow me to do this. This reflects the nature of our service as a free and informal alternative to the courts.

Salad Finance needed to make sure it lent responsibly to Mr W. It therefore needed to complete sufficient checks to determine if Mr W could afford to sustainably repay the lending. Our website sets out our approach to what we typically think when deciding if a lender's checks were proportionate. There is no set list of checks a lender should do, but there is guidance on the types of checks a lender could complete. However, these checks needed to be proportionate when considering things like the amount and term of the lending, what the lender already knew about the consumer, etc.

Before agreeing this loan, Salad Finance considered open banking data from Mr W's current account. It analysed the account activity for the three months prior to the loan being given and considered some information prior to this time. I think it's fair to say that Salad Finance's

checks were detailed when considering the activity on this current account. However, I think it should have led Salad Finance to raise a number of queries based on the information provided. Whilst I can see this was the account which received his monthly income, I can't see some of the typical regular expenditure I would expect to see as there are limited payments for food and household bills. And, I think the transfers being made suggested Mr W was using other current accounts as well as the one considered. So I don't think this information gave enough insight into Mr W's regular payments for household bills and essential living costs.

It's also clear from this information that Mr W has a number of existing credit commitments. Salad Finance said it checked that Mr W had no CCJs, bankruptcy or defaults. However, given it knew about other current accounts and the account it did consider had a high number of credit commitments, I would have expected it to explore whether Mr W had any additional regular credit commitments.

So taking all of this into consideration, I don't think Salad Finance responded appropriately to the information it's checks revealed and therefore I don't think it completed proportionate checks. For the avoidance of doubt, given the size and term of the loan, I don't think it was proportionate for Salad Finance to complete a full review of Mr W's other current accounts. However, I do think it should have taken steps to satisfy itself that it had a reasonable understanding of Mr W's existing credit commitments and regular living costs, and this could have been achieved without reviewing other current account statements.

We asked Mr W questions about his regular living costs, and he explained that he spent around £650- £750 on housing and bills per month and approximately an additional £150 on food. I've also considered any additional regular credit commitments that Mr W's credit file showed to gather a more complete picture of his regular expenditure for existing credit commitments. Having done so, this doesn't materially change the total repayment figure Salad Finance reached of around £950 per month. Mr W's net monthly income from the open banking checks shows he was receiving around £2,350 per month. Taking everything into consideration, I think if Salad Finance had completed additional checks this would have suggested that Mr W could have afforded the repayments in question.

I'm mindful that Salad Finance also needed to consider if the repayments were *sustainably* affordable for Mr W over the full 18 month term. As I've explained above, Mr W had a number of existing credit commitments and he has argued he was over indebted and gambling at the time. He's estimated that he was around £15,000 in debt when this loan was agreed.

I've carefully considered this argument, however I can also see that Mr W's credit file suggests his accounts were up to date and that he wasn't missing payments or struggling to repay his existing commitments. His current account, which was used for open banking, also doesn't demonstrate clear signs that he was struggling. I've noted Mr W has said he was gambling. However, I can only see a very low number of gambling transactions (which also total a relatively low amount) on his open banking current account in the months leading up to the application in question. Mr W has said he was withdrawing cash to use for gambling, but again I can't see a high level of cash withdrawals in the months leading up to the application from this current account. So, I don't think it's reasonable to suggest Salad Finance should have queried this further. (Or that it would necessarily have uncovered this money was used for gambling in any event). Furthermore, I appreciate Mr W has said there were more cash withdrawals from other current accounts. However, as I've explained above, I don't think it was proportionate for Salad Finance to take an in-depth review of all his current accounts.

Finally, from looking at his credit report and the open banking current account information, I can see he has previously borrowed from some high-cost short/medium term credit providers. However, based on the frequency I can see, and given the majority was sometime before the loan in question was applied for, I don't think this should have been concerning to Salad Finance. Mr W has argued that if Salad Finance had additionally reviewed his other current account, it would have uncovered recent credit from other high-cost short/medium term credit providers. However, again I don't think it was proportionate in the circumstances of this complaint, for Salad Finance to take these steps.

So, taking everything into consideration, I think Salad Finance made a fair lending decision when agreeing this loan.

I've considered whether the relationship between Mr W and Salad Finance might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Salad Finance lent irresponsibly to Mr W or otherwise treated him 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.

### **My final decision**

For the reasons explained I don't uphold this complaint against Salad Finance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 19 November 2025.

Claire Lisle  
**Ombudsman**