

## **The complaint**

Salary Finance Limited ('Salary Finance') provided Mr B with a loan in September 2024 for the purpose of debt consolidation. The loan was for £4,300 and was repayable by way of 36 monthly payments of £153.85.

Mr B says the loan was provided irresponsibly.

## **What happened**

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my decision.

## **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.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website and I've taken this into account in deciding Mr B's case.

I've decided the loan wasn't provided fairly because:

- I think the checks Salary Finance did before providing the loan were reasonable and proportionate given the amount of the loan it offered and what it knew about Mr B's financial situation. This included verifying his monthly income with payslips, checking how much credit he already owed and estimating his typical monthly living costs.
- Based on the information Salary Finance gathered and what it knew about Mr B's circumstances, I think it should have realised he was likely to be unable to sustainably repay what he was being lent. I'm in broad agreement with what our investigator found, having reviewed the income and expenditure assessment that Salary Finance relied on when assessing the loan application. This shows a likelihood that Mr B would be left with around £54 in disposable income each month, once his living costs, credit commitments and the monthly cost of the new loan were taken into consideration.
- I don't agree with Mr B that we should be asking Salary Finance to write off the outstanding amount on the loan. Mr B took the loan to pay off other debts, so he's had the benefit of it. With that in mind, I think it's fair he should only have to repay what he's borrowed and had use of. So that's reflected in the redress I've set out below.
- I also don't agree with Salary Finance that the loan ought to be considered affordable because it was used to help consolidate other debts Mr B owed. I haven't seen a breakdown of what other credit he was using it to repay. It may well be there was some financial saving which would have been helpful to Mr B, but I simply don't know. So I won't speculate on what if any nominal improvement it might have made

to his financial situation.

- Based on the information Salary Finance gathered and what it knew about Mr B's circumstances at the time, I think it should have realised he was likely to be unable to sustainably repay what he was being lent.

This means I don't think Salary Finance should have provided the loan to Mr B.

I've considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I'm awarding in this case, as set out below, results in fair compensation for Mr B in the circumstances of this complaint. I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

### **Putting things right**

To settle Mr B's complaint Salary Finance should do the following:

1. Add up the total amount of money that Mr B received as a result of having been given the loan. The repayments made by Mr B should be deducted from this amount.

If this results in Mr B having paid more than he received, any overpayments should be refunded along with 8% simple interest calculated from the date the overpayments were made to the date of settlement. \*

If any capital balance remains outstanding, Salary Finance must try to agree an affordable payment plan with Mr B

2. Remove any adverse information recorded on Mr B's credit file in relation to the loan

\*HMRC require Salary Finance to take off tax from the refund of interest. Salary Finance must give Mr B a certificate showing how much tax has been deducted if he asks for this.

### **My final decision**

My final decision is that I'm upholding this complaint and Salary Finance Limited must put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 12 March 2026.

Michael Goldberg  
**Ombudsman**