

The complaint

Miss L has complained that Western Circle Ltd trading as Cashfloat (“Cashfloat”) gave her a loan without carrying out sufficient affordability checks. Miss L also says that the interest rate on the loan is too high.

What happened

Miss L took one loan from Cashfloat of £450 in March 2025. She was due to make three monthly repayments of £199.60 followed by a final payment of £199.70. The most recent information from Cashfloat shows Miss L still has an outstanding balance to pay.

Cashfloat didn’t uphold the complaint. Unhappy with this response, Miss L referred the complaint to the Financial Ombudsman. Where the complaint was then reviewed by two Investigators, both of whom didn’t uphold the complaint. Miss L didn’t agree, and I’ve summarised her responses below.

- Cashfloat didn’t check Miss L’s income – had it done so it would’ve seen she wasn’t working full time.
- Miss L says her credit file contains details of her health and Cashfloat didn’t ask about this.
- Cashfloat ignored Miss L’s email when she reached out for help.
- Miss L was entitled to “...*pull out of the agreement and discuss alternative arrangements*”.
- At the time Miss L had eight other creditors which made the loan unaffordable.
- Miss L also provided copies of bank statement from the period of time around which show the other creditors Miss L had.
- Miss L also provided screen shots of media reports into the Financial Ombudsman and the Financial Conduct Authority.

These points didn’t change the Investigator’s mind and so 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.

We’ve set out our general approach to complaints about short-term lending - including all the relevant rules, guidance and good industry practice - on our website.

Firstly, Miss L has told us and provided evidence of her current medical condition – that couldn’t have been easy, and I thank her for providing the information. And I’m sorry to her about the impact this condition has on her everyday life. I won’t say any more about it in order to protect Miss L’s privacy. However, for the reasons I’ll explain below, Cashfloat wasn’t aware of her medical problems at the time the loan was advanced and so couldn’t make any adjustments to the process.

Cashfloat had to assess the lending to check if Miss L could afford to pay back the amount she'd borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. Cashfloat's checks could have taken into account a number of different things, such as how much was being lent, the size of the repayments, and Miss L's income and expenditure.

With this in mind, I think in the early stages of a lending relationship, less thorough checks might have been proportionate. But certain factors might suggest Cashfloat should have done more to establish that any lending was sustainable for Miss L. These factors include:

- Miss L having a low income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- The amounts to be repaid being especially high (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- Miss L having a large number of loans and/or having these loans over a long period of time (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable);
- Miss L coming back for loans shortly after previous borrowing had been repaid (also suggestive of the borrowing becoming unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable for Miss L. The investigator didn't think this applied to Miss L's complaint and I would agree, as only one loan was granted.

Cashfloat was required to establish whether Miss L could *sustainably* repay the loan – not just whether she technically had enough money to make her repayments. Having enough money to make the repayments could of course be an indicator that Miss L was able to repay the loan sustainably. But it doesn't automatically follow that this is the case.

Cashfloat took details of Miss L's income and expenditure and carried out a credit search before this loan was granted. It was told by Miss L that she worked full time as an engineer and received a monthly salary of £5,000.

Cashfloat didn't just rely on what Miss L told it, instead it went about cross referencing her declared income using a tool provided widely used within the industry. The results of this cross check were 'green' which means "...the salary declared was equal to or greater than 90% of the figure declared on the application". As such it was reasonable for Cashfloat to believe Miss L's declaration was accurate.

However, Miss L says now that she wasn't working full time when she applied to Cashfloat for the loan and didn't receive the level of income used by Cashfloat for its assessment. Cashfloat used the information Miss L had provided and cross checked it and it was reasonably entitled to rely on the results. As such, while Miss L's income may well have not been at the level she told Cashfloat it was still entitled to use it because a proportionate check had been carried out.

Cashfloat also made enquiries about her living costs – including credit commitments, rent and other costs. Miss L declared these to be £20 per month. This is completely unrealistic and unreasonable. Even though Cashfloat had been told Miss L lived at home with her parent(s) and so there would be an expectation that perhaps living costs would be lower than someone who may have a mortgage or rent.

But Cashfloat didn't rely on Miss L's declaration when looking at her living costs. It assessed Miss L's monthly expenditure using what is called "*trigger values*" – taken from a well-known

debt charity and these values take account of an applicant's job, location, homeowner status, to name a few factors. It also used Miss L's credit file to check the accuracy of her declared monthly credit commitments.

Having used these trigger values, it estimated Miss L's monthly outgoings were £1,350 and to this it added a further buffer of £300. Cashfloat reasonably concluded there was sufficient disposable income for Miss L to be able to afford the loan repayments. They were just under £200 a month.

Cashfloat also carried out a credit search, and it has provided the Financial Ombudsman with a copy of the results it received from the credit reference agency. I have to point out that there isn't a requirement to conduct a credit search let alone one to a specific standard so it's entirely possible and plausible that Miss L is able to view other information in her report that Cashfloat didn't see or even ask for as part of its affordability assessment. But I'd consider that reasonable.

I've noted what Miss L says about her credit file containing information about her health condition. My research seems to suggest that information about health conditions (as well as information about race and religion for example) aren't reported to the credit reference agencies. But even if there was a note on her credit file about her condition, I'm satisfied based on what Cashfloat provided that it wasn't aware of it. And as such couldn't take into account when it assessed the application.

The credit file showed no signs of insolvency, County Court Judgements (CCJ) or any defaults within the last three years. There were defaults that had been reported in 2021, but I think it would be fair for Cashfloat to have placed less weight on those in order to determine whether Miss L was at the time of the application in a position to take on the loan.

Cashfloat did know that at the time Miss L had five loans and four credit card accounts but these all seemed to have been paid as expected. But factoring in the existing payments the loan still looked affordable bearing in mind the income Cashfloat was entitled to use. There wasn't anything from the credit search results which would've led Cashfloat to either conduct further checks or to have declined Miss L's application.

Having reviewed everything, I'm satisfied Cashfloat carried out a proportionate check and the checks it carried out showed Miss L would likely be in a position to afford her repayments. As such I am not upholding her complaint.

Other considerations

The loan interest rate is higher than more mainstream credit providers – but the industry regulator has put in place a cost cap for this type of lending. This means – in the circumstances of this case Miss L can't be expected to repay more than £900 to Cashfloat. While this is 100% of the amount borrowed this is line with the cost cap introduced by the regulator and as such, I can't say an error has been made.

Miss L says Cashfloat ignored her email when she emailed it on 26 April 2025 to ask for the next payment to be moved by two weeks. Miss L has sent a copy of the email.

Having looked at the email sent by Miss L this is an address that is monitored by Cashfloat after all the payment reminder – which Miss L responded to contained that email address. But Cashfloat's contact log doesn't show the 26 April 2025 email. So, it does seem that for some reason the email wasn't logged by Cashfloat and so wasn't responded to.

As Cashfloat didn't acknowledge the email I've thought about what ought to have happened in this case had Cashfloat known that four days before the payment was due Miss L was telling it she couldn't afford the payment at that moment in time.

I appreciate Miss L says that when she emailed Cashfloat she had the right to pull out of the agreement – by this I think she means she wanted to withdraw. But unfortunately, at the point she emailed she was already too late to withdraw from the agreement. In order to withdraw from the agreement, she would've needed to have contacted Cashfloat within the first 14 days. So there was no right to withdraw when Miss L emailed.

Had Cashfloat known about the email it says it would've contacted Miss L to discuss her situation and to find out what extension was needed and whether this was the most suitable form of help and support it could provide. This is all entirely reasonable and in line with the regulations. Cashfloat may have granted the extension to Miss L or it may have offered some other form of support – depending on her needs.

As Cashfloat didn't acknowledge the email the payment due on 30 April 2025 failed – this may have happened anyway given that it may have taken Cashfloat a couple of days to pick up Miss L's email.

After the payment was missed – I can see Cashfloat sent a number of emails and tried to speak to Miss L over the phone – but was unsuccessful. The first time any communication was logged from Miss L was on 12 May 2025.

Miss L said that due to the interest rate charged she could only pay £50 per month – Cashfloat accepted this payment plan, and she made her first payment on 30 May 2025.

As a result, a missed payment marker was added to her credit file. The only way for any adverse information to not be reported about this account was to pay all the payments as and when they became due. But in this situation here, Miss L wasn't able to make her April 2025 payment as and when it fell and as such whether the payment was missed or was subject to a payment arrangement that would've left some adverse marker on her credit file.

As such, while it is disappointing Cashfloat didn't respond to her email of 26 April 2025, I don't think Miss L is in a materially different position than she would've been in had Cashfloat responded to her. So I make no award against Cashfloat.

Based on the most up to date information I have, an outstanding balance remains due, and I would remind Cashfloat of its ongoing obligation to treat Miss L fair and with forbearance.

Finally, I've also considered whether the relationship 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 Cashfloat lent irresponsibly to Miss L or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons set out above I am not upholding Miss L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 12 February 2026.

Robert Walker

Ombudsman