

The complaint

Mr M, through his representative, complains that 1st Stop/Oplo – now Tandem Personal Loans Ltd trading as Tandem - lent to him irresponsibly.

What happened

I've referred to the loan provider as 1st Stop as it's the firm which approved the loan. It was taken over by Tandem in 2022. It approved a £5,000 loan for Mr M in January 2022, repayable over 60 months at around £158 a month (rounded figure). The total to repay was just under £9,442.

Mr M repaid satisfactorily until August 2022. He entered a formal Debt Management Plan (DMP) with third party providers. His repayments were maintained relatively well, save for a gap between November 2023 to February 2024 after which smaller repayments of £57 a month were received. In March 2024, the debt was sold to a third party. I don't know the up-to-date balance of the loan.

Mr M complained to 1st Stop in December 2024 and received the detailed final response letter (FRL) in February 2025 from Tandem. It gave reasons why it considered it had carried out the right checks before lending. Mr M disagreed and referred it to the Financial Ombudsman. There's been a lot of correspondence between one of our investigators and Mr M's representatives and the outcome is that Mr M is not content and has asked for an ombudsman to review it. Its points were:

The credit shows defaults in the 12 months prior.

The customer was utilising 135% of their revolving credit limits.

The customer had a debt value of £23,444.

The customer had 5 delinquent accounts in the 12 months prior.

The customer utilised credit cards for 10 cash advances in the 36 months prior.

The unresolved complaint was 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.

1st Stop needed to make sure it didn't lend irresponsibly. In practice, what this means is it needed to carry out proportionate checks to be able to understand whether Mr M could afford to repay any credit it provided. 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 checks to be less thorough – in terms of how much information is gathered and what is done to verify information – in the early stages of a lending relationship.

But we might think more needed to be done 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 firm to be able to show that it didn't facilitate a customer's loan irresponsibly.

I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Mr M's complaint. Having looked at everything I have decided not to uphold Mr M's complaint about the loan, and I've explained why below.

In relation to Mr M's income, it was verified by 1st Stop using a Credit Reference Agency (CRA) tool, a technique widely used in the industry. That figure as verified by 1st Stop was £2,714. If it had checked this further, it would have seen that Mr M's income each month after tax was around £2,730. So, the verification was accurate. 1st Stop did not include the child benefit which the household received of around £151.

1st Stop carried out a credit search, a copy of which I have seen. Mr M's overall debt was around £23,400 most of which (around £19,300) was for a vehicle funded by a hire purchase agreement (HP) costing Mr M £387 a month. This HP had commenced March 2021 and had no repayment issues. Mr M had taken two earlier HP agreements before that – in 2013 and 2017 – and had settled both, the most recent being in March 2021, with no repayment issues. And placing the debt figure into context, as a large proportion of it was for Mr M's car, then that would have been noted as being a necessity and as a different kind of credit from say - £23,000 on a credit card or just in cash loans. This would not be an unreasonable approach when considering any person's credit report history. And Mr M had been paying for cars on HP since 2013 – all successfully.

An account which had already defaulted when Mr M applied for the 1st Stop loan had a due balance on it of £874. This is not a large sum. Mr M's total revolving credit (which included credit card accounts) had an outstanding balance of £3,313 and yet the total limit was £2,450. It looked like Mr M was utilising more than his credit limit. And I've seen that this has become a cause of disagreement between Mr M's representative and our investigator. I've read all the emails.

However, I've looked at enough of these types of credit reports to know that an overlimit record similar to the one showing on Mr M's report, can occur when an account is defaulted. The default balance still registers but the credit limit for that defaulted card often is reduced to zero. That is what appears to have happened here. And so, Mr M's credit report looked on first reading, as if Mr M had been spending over his limit. Whereas in fact closer reading shows that the defaulted credit card showed a default date of 1 April 2020 at which point the credit limit was reduced to £0. I've seen this many times before on credit reports where this has occurred..

The default balance had reduced over the years to £873 as Mr M had been paying it down. All these points are exactly what Tandem had explained about this part of Mr M's credit report in its FRL which Mr M's representative has seen.

There are notes saved onto that credit report made contemporaneously on 4 January 2022 by the 1st Stop representative, that the monthly repayment for the defaulted account on which there remained a balance was £40. The note further said that Mr M had explained a family member had obtained that card fraudulently. The note added that Mr M wanted to use this loan money to clear any remaining debts arising from that fraudulent application. The loan account notes show that the same 1st Stop representative who did those notes called Mr M in January 2022.

Even if Mr M was wrong about this – and I've no reason to think he was – a balance of £874 with a steadily reducing balance plus a repayment plan in place of £40 a month was not likely to be a reason for 1st Stop to consider it ought to refuse the loan application. And as for additional checks - it had asked additional questions and had satisfied itself and annotated the research.

The other default dates for four loan accounts were all the same – 25 October 2019 - and all had been paid off on the same date – 6 December 2019. Those were settled just over two years before Mr M applied to 1st Stop and so I'd consider it reasonable of it to have treated

those as historic. And the contemporaneous note had added that these loans had been obtained fraudulently by a family member as well. At £0 balances and over two years old I'd not consider that 1st Stop would have considered it needed to do anything further in relation to those loan default accounts.

All these notes demonstrate to me that the 1st Stop representative had made further enquiries with Mr M at the time of the loan application and had annotated these details in January 2022. Plus, Tandem/1st Stop has said that it spoke to each customer at the time of application which dovetails with these notes. I've taken this into account when considering whether 1st Stop carried out proportionate checks or not.

The credit report showed that Mr M had open, or had settled, accounts, including telecommunication accounts and other credit card accounts. He had an overdraft on his current account. On the whole, the repayments were all fine. It was clear that Mr M was close to the limit on some (but not all) the credit card accounts, but the repayments were good. Mr M was using his overdraft but was not near the maximum limit (£788 on a limit of £1,650). There were no delinquent accounts, and no record of any insolvencies or judgment debts.

Mr M's representative has referred to cash advances taken from one of Mr M's credit cards. The 1st Stop credit report indicates that was £10 in the previous three years and zero in the previous three months. Cash advances alone usually would not be a sign of financial stress unless combined with other poor records and/or the cash withdrawn was a noticeable sum. Mr M's record was one £10 withdrawal in the previous three years. So, I do not consider this to have been something to have alerted 1st Stop to a problem.

1st Stop had said that it used the figures provided by Mr M for the other expenditure he was committed to spending each month and that led to it calculating that he spent a total of around £1,195 (credit costs and general committed expenditure) leaving him with £1,519 each month from which to pay for the loan.

And with that amount of disposable income, even if some of 1st Stop's calculations about his general expenditure had been incorrect, or if he spent more on food than allowed for or spent more on monthly travel, then around £1,362 left would have been more than enough to absorb those costs.

If this margin had been very narrow, and/or if 1st Stop had not made the enquiries it did with Mr M at the time of the application about the defaulted accounts, then it may have been that that additional checks were required. But the use of the figures provided, plus the credit search and the verified net income leads me to the conclusion that 1st Stop carried out proportionate checks (plus the additional queries) and did not need to do more.

I have reviewed the personal credit file sent to me by Mr M – dated December 2022 – and it seems that Mr M's finances took a downturn later in 2022, culminating in the DMP as mentioned earlier in the decision. But evaluating all that 1st Stop has provided, I consider that proportionate checks were carried out and I do not uphold the complaint.

I've also considered whether 1st Stop acted unfairly or unreasonably in any other way and I have considered whether the relationship might have been unfair under section 140A of the Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think it lent irresponsibly to Mr M or otherwise treated him 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

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 25 November 2025.

Rachael Williams
Ombudsman