

The complaint

Mr C complains that Plata Finance Limited lent to him irresponsibly when it made a loan to him.

What happened

Mr C applied to Plata Finance for a loan to consolidate his debts in July 2023 and it lent him £20,000 under a fixed sum loan agreement. Mr C agreed to repay the loan by 59 monthly payments of £602.25 and a final payment of £602.12. Mr C complained to Plata Finance in May 2025 and said that it shouldn't have made the loan to him.

Plata Finance said that, based on the information that it had received, it considered that Mr C was creditworthy for a loan of that size and duration and that its affordability assessment showed that he would have £1,112.96 income remaining each month, after the loan payment, to cover essential expenses. It says that sufficient and proportionate checks were made prior to approving Mr C's application and that the loan was sustainably affordable for him.

Mr C wasn't satisfied with its response so referred his complaint to this service. His complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. He said that Plata Finance needed to carry out further checks, such as verifying Mr C's monthly expenditure, in order to demonstrate that the lending would be affordable and sustainable for him, but if it had carried out further checks, it was likely that it would've seen that providing the loan to him would be sustainable and affordable. He believed that Plata Finance had made a fair lending decision.

Mr C hasn't accepted the investigator's recommendation and has asked for his complaint to be reviewed by an ombudsman. He says, in summary and amongst other things, that:

- his committed household payments were £1,843, not including living costs, for him and his wife and two children;
- deducting that and £2,407 for debt payments from the income figure of £5,808 calculated by the investigator, would leave £1,558 to fund the loan payment and living expenses; and
- removing just spending on essential food of £714 and fuel of £294 from that would leave £550, which is less than the payment on the loan, meaning that it was unaffordable.

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.

Mr C applied to Plata Finance for a loan to consolidate his debts in July 2023. It says that Mr C declared that he was in full-time employment with a net monthly income of £4,558 and that he was paying £500 each month for housing costs. It says that Mr C provided his two

most recent payslips to confirm his income. It says that Mr C's credit report showed that his debt servicing costs were £2,342.79, but he was managing his credit well as all active credit was paid up to date, no defaults or county court judgments were registered in his name, he was within his revolving credit and wasn't utilising the £2,300 overdraft limit on one of his accounts. It says that its affordability assessment showed that he would have £1,112.96 income remaining each month, after the loan payment, to cover essential expenses, and it used Office of National Statistics' figures to calculate essential expenditure of £668.38, which showed that the loan was sustainably affordable for him.

Plata Finance was required to make reasonable and proportionate checks to ensure that any lending to be made to Mr C was sustainably affordable for him, before entering into the loan agreement. As the loan was for £20,000, repayable over five years by monthly payments of £602, and that its credit check showed that Mr C's debt servicing costs were £2,342, I consider that reasonable and proportionate checks would have required Plata Finance to have obtained a detailed understanding of Mr C's financial situation before lending to him. As Plata Finance used Office of National Statistics' figures to calculate Mr C's essential expenditure and didn't obtain details from him of his actual expenditure, I don't consider that the checks that it made were reasonable and proportionate in the circumstances of the loan.

I've therefore considered what it's likely that Plata Finance would have discovered if it had made reasonable and proportionate checks. Mr C said in the complaint that he made to Plata Finance that his monthly contribution to the household bills, which he split with his wife, was £1,200 and that he spent £175 on transport and £300 on food clothes. Plata Finance used Office of National Statistics' figures to calculate his essential expenditure as £668.38.

The investigator looked at bank statement that Mr C had provided for April to June 2023, the three months prior to the loan being made to him. He calculated that Mr C's average monthly income was £5,808, his total monthly expenditure was £2,029 and his average monthly payment towards his credit commitments was £2,407, which left him with £1,372 before the loan payment. I don't consider that reasonable and proportionate checks would have required Plata Finance to have asked for, or to have reviewed, Mr C's bank statements, but they are a good source of information about his expenditure. In response to the investigator's recommendation, Mr C says that his committed household payments were £1,843, and, after deducting that, £2,407 for debt payments and spending on essential food of £714 and fuel of £294, he would be left with only £550.

Plata Finance says that it spoke with Mr C at the time of the application and he confirmed that he would be using the loan to settle six identified credit cards, totalling £20,000. It says that it estimated from Mr C's credit file that he was paying £1,606 each month on those accounts. I consider that it would be fair and reasonable for Plata Finance to have deducted that amount from Mr C's debt servicing costs. Using the information that Mr C has provided in response to the investigator's recommendation, but reducing the £2,407 for debt payments by £1,606 to £801, would leave him with £2,156, before the loan payment.

If Plata Finance had obtained details from Mr C about his actual expenditure, I consider it to be more likely than not its affordability assessment, using that information, would have shown that a loan of £20,000, repayable over five years by monthly payments of £602, to consolidate his debts was sustainably affordable for him at that time. I'm not persuaded that there's enough evidence to show that Plata Finance lent to Mr C irresponsibly or that it made an unfair lending decision. I've also considered whether it acted unfairly or unreasonably in some other way, including whether its relationship with Mr C might have been unfair under section 140A of the Consumer Credit Act 1974. Having done so, I've not seen anything that makes me think that that was likely to have been the case.

Mr C said in his complaint form that he'd like Plata Finance to refund to him all the interest

that he's paid on the loan and to freeze any further interest. I've carefully considered all that Mr C has said and provided about his complaint, but I'm not persuaded that there's enough evidence to show that Plata Finance has acted incorrectly. I find that it wouldn't be fair or reasonable in these circumstances for me to require Plata Finance to refund to Mr C any of the interest that he's paid on the loan, to pay him any compensation or to take any other action in response to his complaint.

My final decision

My decision is that I don't uphold Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 11 December 2025.

Jarrold Hastings
Ombudsman