

The complaint

Mr H complains that Oakbrook Finance Limited trading as Oakbrook lent irresponsibly when it approved two loan applications he made.

What happened

Mr H applied for two loans with Oakbrook as follows:

Loan	Date	Principal amount	interest added	date settled
Loan 1	24/08/2023	£1,500	£1,125.84	16/11/2023
Loan 2	04/05/2025	£2,000	£1,214.80	Active

When applying for loan 1, Mr H gave an annual income of £32,500 that Oakbrook calculated left him with £1,932 a month net. Oakbrook says it used a service provided by the credit reference agencies that monitors current account turnover (CATO) to help verify the income figure Mr H provided. Mr H also confirmed he was paying rent of £400 a month. A credit search was completed that found unsecured debts of around £6,200 with monthly repayments of £136. No adverse credit like County Court Judgements (CCJs) IVAs, payment arrangements or recent arrears were noted.

Oakbrook carried out an affordability assessment and applied rent of £400, an estimate of Mr H's general living expenses of £693 a month, existing repayments of £136, inflation buffer of £74 as well as its new loan payment of £72.94. After applying its affordability criteria, Oakbrook calculated Mr H had a disposable income of £555 a month after covering his existing outgoings and its new loan repayment. The loan was approved over a 36 month term and funds released to Mr H.

Mr H applied to refinance loan 1 and open loan 2 in May 2025. In this application, Mr H gave an annual income of £38,000 that Oakbrook calculated left him with £2,315 a month net. Again, Oakbrook says it verified Mr H's income via CATO. A new credit search found no recent arrears, unsecured debts totalling £5,700 and monthly repayments of £151. No new adverse credit was recorded on Mr H's credit file.

A new affordability assessment was completed that used Mr H's income, rent of £450 a month, living expenses of £906, credit commitments of £151 and the new loan 2 instalment of £89.30. Oakbrook reached the view Mr H had a disposable income of around £718 a month after covering his existing outgoings and loan 2's repayments. Oakbrook approved the loan 2 application and released the funds to Mr H.

More recently, Mr H complained that Oakbrook lent irresponsibly. Mr H has explained he was gambling heavily during this period and was borrowing at an unsustainable rate leaving him in an unsustainable financial position. Oakbrook issued a final response but didn't uphold Mr H's complaint. Oakbrook said it had completed the relevant lending checks before approving both loan applications and didn't agree it lent irresponsibly.

An investigator at this service looked at Mr H's complaint. They thought Oakbrook had completed proportionate checks before both loans were approved and didn't agree it lent irresponsibly. Mr H asked to appeal and explained that when he applied for both loans he was in a vulnerable situation with multiple credit cards and loans. Mr H added that his bank statements would've shown he was in an unstable position and that new loans would only make that worse. As Mr H asked to appeal, his complaint has been passed to me to make a 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.

Before agreeing to lend, the rules say Oakbrook had to complete reasonable and proportionate checks to ensure Mr H could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information that Oakbrook used when considering Mr H's applications above in some detail so I won't repeat that again here. I'll start by looking at loan 1.

Oakbrook has confirmed it used a service called CATO to verify Mr H's declared income and received a positive response. So I'm satisfied it was reasonable for Oakbrook to rely on the income figure provided when considering the application for loan 1. I can see Mr H's credit file was checked by Oakbrook and his outstanding debts were taken into account when completing the affordability assessment. I note no recent adverse credit was found on Mr H's credit file.

Oakbrook completed its affordability assessment using Mr H's verified income, rent, credit commitments, an estimate for his general living expenses, an inflation buffer and the cost of the new loan repayment. The results showed Mr H had a reasonable disposable income of around £555 a month. I haven't seen anything in the application information that Oakbrook obtained that would've indicated Mr H was vulnerable or not in a position to sustainably afford the new loan repayments. In my view, Oakbrook completed proportionate checks and its decision to approve loan 1 was reasonable based on the information it obtained. I'm sorry to disappoint Mr H but I haven't been persuaded Oakbrook lent irresponsibly when it approved loan 1.

When Mr H applied for loan 2 he provided similar information to the application completed for loan 1. Mr H's income had increased and was again verified via CATO. A new credit file check found no new adverse information and Mr H's outstanding debts had actually reduced by around £500. Mr H's repayments for loan 1 had also all been made on time.

The affordability assessment for loan 2 was largely the same as loan 1 and took Mr H's income, regular outgoings, credit commitments and the new loan payments into account. The end result was that Oakbrook says Mr H had a disposable income of around £718 a month after covering his existing outgoings and new loan payment. Overall, I'm satisfied Oakbrook completed reasonable and proportionate checks before approving loan 2. And I'm satisfied the decision to approve loan 2 was reasonable based on the information Oakbrook obtained. I'm sorry to disappoint Mr H but I haven't been persuaded Oakbrook lent irresponsibly when it approved loan 2.

In support of his complaint Mr H has provided bank statement evidence that shows he was gambling at the time loans 1 and 2 were approved. But I haven't found grounds to say Oakbrook's lending checks needed to go further and request additional supporting evidence, like bank statements. As I've said above, I'm satisfied the lending checks completed were reasonable and proportionate to both loans 1 and 2.

I've considered whether the business acted unfairly or unreasonably in any other way including 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 Oakbrook lent irresponsibly to Mr H or otherwise treated them 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

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 16 January 2026.

Marco Manente
Ombudsman