

The complaint

Mr R complains that Oakbrook Finance Limited lent irresponsibly when it approved his loan application.

What happened

Mr R applied for an Oakbrook loan in April 2019. In his application, Mr R said he had an annual income of £17,500 and was renting his property. Oakbrook asked Mr R to provide a copy of a payslip to verify the income figure provided. Oakbrook used a net monthly figure of £1,135. A credit search was completed that found some default information, the most recent of which was 22 months old at the point of application. No adverse credit like County Court Judgements or IVAs were noted and no payday loans were shown. The credit search found Mr R had a credit card with a balance of £398, an unsecured loan with a balance of £311 and a car insurance agreement with an outstanding balance £742. Monthly repayments totalling £88 were recorded.

Oakbrook used the information it found in Mr R's application and credit file along with estimates for his rent and general living expenses obtained from nationally recognised statistics to complete an income and expenditure assessment. Oakbrook reached the view that after covering his rent, existing debts, general living expenses and new loan payment of £189.91 Mr R had a disposable income of £296 a month. Oakbrook approved the loan and the funds were released to Mr R on 30 April 2019.

Mr R's told us a family member helped him to repay the loan on 28 June 2019.

More recently, Mr R complained that Oakbrook lent irresponsibly and it issued a final response. Oakbrook said Mr R had waited too long to complain and didn't comment on whether it lent responsibly or not.

An investigator at this service looked at Mr R's complaint and asked Oakbrook for its case file. Oakbrook initially objected to our service considering Mr R's complaint but later provided its lending data and the investigator considered the merits.

Our investigator thought Oakbrook had completed proportionate checks and that its decision to approve Mr R's loan application was reasonable based on the information it obtained. The investigator wasn't persuaded Oakbrook lent irresponsibly and didn't uphold Mr R's complaint.

Mr R asked to appeal and said the interest applied to his loan was excessive, nearly doubling the amount borrowed. Mr R also said the disposable income figure of £296 a month meant the loan repayment of £189.91 was not sustainable and that the affordability assessment was superficial and unrealistic. Mr R added Oakbrook had failed to take account of financial vulnerability given his historic defaults and reliance on high-cost credit. Mr R added Oakbrook had continued to chase him for repayment despite the loan being repaid in June 2019. As Mr R 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 R 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 R's application above. I think it's reasonable to note Oakbrook verified Mr R's income by way of a payslip so I'm satisfied it was using an accurate figure of £1,135 a month in its lending assessment. The credit check showed Mr R had some defaults in the past but the newest was 22 months old when he applied indicating his situation had stabilised. Whilst Mr R has told us he was vulnerable due to his reliance on high cost credit, the credit file information obtained by Oakbrook doesn't show that. The credit file shows Mr R had a reasonably low amount of other debt when his Oakbrook application was made, the majority of which related to an insurance agreement with an outstanding balance of £749. I'm satisfied the level of Mr R's existing debts and their monthly repayments were all taken into account by Oakbrook during the application process. Whilst I acknowledge some negative information, I'm satisfied Oakbrook factored it into its lending assessment.

Oakbrook completed an affordability assessment using Mr R's income and unsecured debt repayments. Oakbrook also used estimates for Mr R's rent and general living expenses using figures obtained from nationally recognised statistics. That's an approach Oakbrook is allowed to take under the relevant lending rules. I haven't seen anything in the information Oakbrook obtained that indicates the use of estimates for Mr R's outgoings was inappropriate.

After completing its affordability assessment and applying its lending criteria Oakbrook reached the view Mr R had a disposable income of around £296. I'd like to confirm that figure is *after* Oakbrook applied the cost of Mr R's new loan at £189.91 a month. In my view, that was a reasonable conclusion to reach following proportionate checks by Oakbrook. And I'm satisfied the decision to approve Mr R's loan application was reasonable based on the information Oakbrook obtained. I'm sorry to disappoint Mr R but I haven't been persuaded that Oakbrook lent irresponsibly when it approved his loan application.

In response to the investigator, Mr R explained he thought the loan interest was too high. But the interest applied to the loan was set out in full in the loan agreement issued by Oakbrook

that Mr R had to accept before the it was issued. I'm satisfied Oakbrook clearly set out the loan terms, including interest rate, before Mr R agreed to proceed.

Mr R has also told us Oakbrook has continued to pursue him for repayment despite clearing the balance in June 2019. As our investigator has already said, this issue doesn't form part of the irresponsible lending complaint. And Oakbrook would need to be investigate this complaint issue before the Financial Ombudsman Service can comment. If Mr R hasn't already done so, he should raise this issue directly with Oakbrook. If Mr R remains unhappy once Oakbrook has investigated and issued its final response he has the option of referring his complaint to us for an independent review.

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 R or otherwise treated him 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 R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 2 February 2026.

Marco Manente
Ombudsman