

The complaint

Miss E says Hastings Financial Services Limited, trading as Hastings Direct, irresponsibly lent to her.

What happened

Miss E took out a loan for £10,000 over 60 months on 25 June 2024 with monthly repayments of £228.88. She says she was already heavily indebted and whilst the loan was for debt consolidation, it only reduced her monthly credit commitments by £11 so it gave her a negligible benefit. And Hastings Direct never asked her for evidence of her income or outgoings.

Hastings Direct says it carried out adequate checks that showed the loan would be affordable for Miss E.

Our investigator did not uphold Miss E's complaint. She found the lender's checks were proportionate and it made a fair lending decision.

Miss E disagreed with this assessment and asked for an ombudsman's review. She said the income figure used by Hastings Direct was overstated. It included overtime which was not regular or guaranteed. So its affordability assessment did not reflect her actual financial position. She asks for this service to consider if the loan was affordable based on her actual disposable income.

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 approach to complaints about irresponsible and unaffordable lending on our website and I've followed it here. Before agreeing to lend, Hastings Direct needed to complete reasonable and proportionate checks to ensure that Miss E could afford to repay what was being lent. There's no set list of checks that a lender has to complete, but the checks need to take into account factors such as the amount of the loan, the amount of the repayments and the borrower's financial circumstances.

I've thought about whether Hastings Direct carried out reasonable and proportionate checks for this loan. I've then looked at the information Hastings Direct obtained from Miss E when she applied for the loan and the information it obtained from the checks it carried out to assess whether it made a fair lending decision.

Hastings Direct asked Miss E for her income and checked this using an external income verification tool. It carried out a credit check to understand her credit history and existing commitments. It estimated her living expenses using national statistics. From these checks Hastings Direct concluded Miss E would have £117.55 of disposable income after taking on this loan, and that would rise to £231.99 if she settled some of her existing debts as planned.

I think these checks were proportionate given the value of the monthly repayment relative to

Miss E's verified income and the stage in the lending relationship. I also find that Hastings Direct made a fair lending decision based on the information it gathered. I'll explain why.

Miss E declared a gross annual income of £46,500 and Hastings Direct was able to verify a net monthly income of £2,928.30 through one of the credit reference agencies, which supported her declaration. Miss E says this was the wrong number to use as her actual monthly salary was £2,676 before overtime. And her overtime was irregular and so should not have been included. She says Hastings Direct needed to ask for evidence of her actual income. But it is not obliged to do this. The regulatory guidelines say it is not generally enough for a lender to rely on an applicant's declared income and it should independently verify it (CONC 5.2A.16G (3)). But Hastings Direct did this and as the verification aligned with what Miss E had declared I cannot agree it needed to do more. Similarly, it was reasonable for Hastings Direct to use national statistics to estimate Miss E's living expenses.

Miss E's credit commitments totalled £1,910.30, but the cost of this loan was not incremental to this as it was for debt consolidation. Miss E says it only gave her an £11 gain, so less than Hastings Direct calculated. But this was still a gain and its calculations were reasonable based on the information available to it at the time. Hastings Direct took proportionate steps to ensure the payments would be affordable for Miss E. And as Miss E didn't have a history of applying for loans with Hastings Direct for consolidation purposes and then returning for further funds after having failing to consolidate as she said she would, I think Hastings Direct was reasonably entitled to believe the funds would be used for the stated purpose and for the maximum gain.

It follows I do not think Hastings Direct was wrong to lend to Miss E. I appreciate she has asked that we recalculate the affordability based on her base salary. But as I have found the lender's checks were proportionate it is only fair I review its lending decision based on the information it gathered.

I've also 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 Hastings Direct lent irresponsibly to Miss E 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

I am not upholding Miss E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 5 March 2026.

Rebecca Connelley
Ombudsman