

Complaint

Mr M has complained about a loan Oakbrook Finance Limited (trading as “Finio Loans”) provided to him. He says he shouldn’t have been lent to as the loan was unaffordable.

Background

Finio Loans provided Mr M with a loan for £1,000.00 in August 2023. This loan was due to be repaid in 12 monthly instalments of £108.65.

One of our investigators reviewed what Mr M and Finio Loans had told us. And she didn’t recommend that Mr M’s complaint be upheld. Mr M disagreed and asked for an ombudsman to look at his complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Having carefully thought about everything, I’ve decided not to uphold Mr M’s complaint. I’ll explain why in a little more detail.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr M’s complaint.

Finio Loans needed to make sure that it didn’t lend irresponsibly. In practice, what this means is Finio Loans needed to carry out proportionate checks to be able to understand whether Mr M could afford to repay before providing this loan.

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 a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more 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 lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Finio Loans says it agreed to Mr M’s application after he provided details of his monthly income and some information on his expenditure. It says it cross-checked this against information on a credit search it carried out and this showed Mr M could afford to make the repayments he was committing to. On the other hand, Mr M has said he was in financial difficulty.

I’ve carefully thought about what Mr M and Finio Loans have said.

The first thing for me to say is that Finio Loans didn't just simply accept what Mr M had told it. It did carry out credit searches, as Mr M says it should have done, which showed that he didn't have any recent significant adverse information recorded against him such as defaults or County Court Judgments ("CCJ") recorded against him. Furthermore, the amount of debt Mr M had wasn't excessive either.

I accept that Mr M appears to be suggesting that his actual circumstances may not have been fully reflected either in the information he provided, or the information Finio Loans obtained. I know that Mr M has said that he owed more than what Finio Loans knew about and he'd taken more loans.

However, Finio Loans was entitled to rely on the information that showed up in its credit searches. Furthermore, I think that a forensic analysis of Mr M's lending history along the lines of the one Mr M has carried now out is not only not expected as a result of the rules and regulations in place, it is also unrealistic given the low amount being lent here.

So while I'm sorry to hear about what Mr M has told us, I can only determine this complaint by reference to what Finio Loans could reasonably be expected to know. With this in mind, Finio Loans' checks didn't appear to indicate that Mr M might have been struggling and most importantly they did not suggest that £1,000.00 was a large amount for him, or that he would have struggled to make repayments of around £100 a month.

In these circumstances, I'm not persuaded that the sort of checks Mr M now insists should have been carried out, needed to be carried out at the time. For the sake of completeness, I should add that at best, even if I were to accept that further checks were necessary, which I'm not necessarily persuaded is the case here, any such checks would only have gone as far as finding out more about Mr M's regular living costs. And I've not anything to indicate that further information on Mr M's actual living costs would have seen Finio Loans make a different lending decision in this instance.

I accept that the real reason Mr M might have found it difficult to make his payments to this agreement isn't due to his existing credit commitments or his living expenses. It's also possible that Finio Loans might have taken a different decision had it known about the gambling Mr M has now told us about.

But what I need to think about here is what is Finio Loans is likely to have known as a result of carrying out proportionate checks, not what it would have known if it had carried a forensic review of Mr M's finances. Given the low monthly payments required on what, at the end of the day, was loan for a relatively low amount, I don't think that proportionate checks would extended into obtaining bank statements that might have shown Mr M was gambling. For the sake of completeness, I can't see that Mr M proactively disclosed his gambling either.

So while I sympathise with any difficulty Mr M may have had, nonetheless I don't think that Finio Loans could reasonably be expected to have known about the nature and extent of Mr M's gambling.

In reaching my conclusions, I've also considered whether the lending relationship between Finio Loans and Mr M might have been unfair to Mr M under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Finio Loans irresponsibly lent to Mr M or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

As this is the case, I don't think that Finio Loans did anything wrong when deciding to lend to Mr M - it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable. I appreciate this will be very disappointing for Mr M. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 January 2026.

Jeshen Narayanan
Ombudsman