

## Complaint

Miss N has complained about high-cost short-term credit (“HCSTC”) instalment loans she took out with Ann Finance Ltd (“Ann Finance”). She says that Ann Finance should not have provided her with these loans as they were unaffordable.

## Background

This complaint centres on the provision of three high-cost short-term credit instalment loans that Ann Finance provided to Miss N. Miss N’s lending history is as follows:

Loan	Taken	Concurrent with	Settled	Amount	Term*	Payment	Combined payment to Ann Finance
1	December 2022		April 2023	£100	4	£36.25	
2	February 2023	Loan 1	July 2023	£300	5	£87	£123.25 <sup>1</sup>
3	April 2023	Loan 2		£500	12	£73.13	£150.13 <sup>2</sup>
4	July 2023	Loan 3		£400	7	£96	£169.13 <sup>3</sup>

\* in months

One of our investigators reviewed what Miss N and Ann Finance had told us. And he thought Ann Finance hadn’t acted unfairly or unreasonably when providing loans 1 to 3 to Miss N. However, he thought that Ann Finance ought to have realised that it shouldn’t have provided loan 4 to Miss N. So the investigator recommended that Miss N’s complaint be partially upheld.

Ann Finance disagreed and asked for an ombudsman to look at the complaint.

## The parties’ responses to my provisional decision

Neither Ann Finance nor Miss N responded to my provisional decision or provided anything further for me to consider.

## My findings

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

We’ve explained how we handle complaints about short term lending on our website. And I’ve used this approach to help me decide Miss N’s complaint.

<sup>1</sup> Miss N was due to make two repayments on loan 1 at when she was provided with loan 2. So when Ann Finance provided loan 2 this meant she would have to pay a combined £123.25 each month.

<sup>2</sup> By the time of loan 3, loan 1 had been repaid but loan 2 remained outstanding. So Miss N would have been expected to make repayments of £150.13 a month to Ann Finance at the time she agreed to this loan.

<sup>3</sup> By the time of loan 4, loan 2 had been repaid but loan 3 remained outstanding. So Miss N would have been expected to make repayments of £150.13 a month to Ann Finance at the time she agreed to this loan.

Having carefully thought about everything, including events since my provisional decision, I'm not upholding Miss N's complaint. I'd like to explain why in a little more detail.

Miss N was provided with high-interest loans, intended for short-term use. So Ann Finance needed to make sure that it didn't provide them irresponsibly. In practice, what this means is that Ann Finance needed to carry out proportionate checks to be able to understand whether any lending was affordable for Miss N before providing it.

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 that information – 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.

Ann Finance says it agreed to Miss N's applications after she'd provided details of her monthly income, which it cross checked against information it received from credit reference agencies on the amount of funds going into her main bank account each month. It says the information Miss N provided on her income and expenditure showed that she would be able to make the repayments she was committing to on these loans. And in these circumstances, it was reasonable to lend.

On the other hand, Miss N says that these loans were unaffordable for her and her applications for them shouldn't have been accepted.

I've carefully thought about what Miss N and Ann Finance have said. The information provided does suggest that Miss N was asked to provide details of her income and expenditure. Ann Finance didn't just accept Miss N's declarations at face value, it carried out credit searches and requested copies of bank statements.

Bearing in mind the amount of the monthly repayment, the questions Ann Finance asked Miss N, it taking account of what the credit checks showed and these being Miss N's first loans with it, I don't think it was unreasonable for Ann Finance to rely on the information that Miss N had provided. This is especially as there wasn't anything in the credit searches or the bank statements obtained that contradicted what Miss N had declared.

I note that our investigator was of the view that Ann Finance shouldn't have provided loan 4 because she'd made late payments on loan 2 and 3. It's fair to say that there were a couple occasions where Ann Finance had to make more than one attempt to collect Miss N's monthly payment. However, the payment was soon made up and Miss N was not in arrears when she was provided with loan 4.

I'm also mindful that loan 4 was provided in circumstances where Ann Finance's credit searches showed that Miss N didn't have any significant adverse information – such as defaulted accounts or county court judgments ("CCJ") – recorded against her. Equally, there wasn't anything in the bank statements that had been requested, which called into question Miss N's ability to make her repayments either.

So while I accept that the late payments was an indication of the possibility of Miss N experiencing difficulty, this risk was mitigated by the presence of Miss N's bank statements. And as the bank statements didn't show anything to indicate that it was unreasonable for

Ann Finance to lend to Miss N, I'm satisfied that Ann Finance took account of the missed payments and was entitled to decision that it did.

It's possible that the investigator reached the conclusion that he wouldn't have lent in these circumstances. But what I need to do is determine whether Ann Finance was reasonably entitled to conclude that Miss N could repay these loans. It isn't for me to re-underwrite the loan or determine whether I would have lent in these circumstances.

I accept that Miss N's actual circumstances may not have been reflected either in the information she provided, or the other information Ann Finance obtained. And I'm sorry to hear that Miss N was struggling financially. But Ann Finance could only make its decisions based on the information it had available at the time.

Ann Finance reasonably relied on the information provided with, given the amount of the repayments involved, the overall circumstances of Miss N's loan history and the bank statements didn't suggest that the loans were unaffordable, I don't think it was unreasonable for Ann Finance to provide these loans.

*Did Ann Finance lend to Miss N in circumstances where it ought reasonably to have realised that doing so was unsustainable or otherwise harmful for her?*

In reaching my conclusions, I've also kept in mind that I'm considering a complaint about four loans that Ann Finance provided to Miss N and in some circumstances repeat borrowing in itself can sometimes be an indication of a customer borrowing in a way that is unsustainable. However, I don't think that Miss N's pattern of borrowing was in itself problematic.

I say this because Miss N was only due to be indebted to Ann Finance for around 18 months when she was provided with loan 4. Bearing in mind it's not uncommon for individual loans to be provided for the total amount Miss N borrowed, at the time she was given loan 4, I don't think that Ann Finance ought to have realised that Miss N was using these loans in a way that was unsustainable.

So while Miss N being a repeat borrower here has led to me taking a closer look at the overall pattern of lending, I'm satisfied that it wasn't unfair for Ann Finance to have provided these loans to Miss N on the basis that it ought to have realised that it was increasing her indebtedness in a way that way unsustainable or otherwise harmful for her.

#### *Section 140 of the Consumer Credit Act 1974*

Finally, I've also considered whether the lending relationship between Ann Finance and Miss N might have been unfair to Miss N under s140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I'm not persuaded that Ann Finance irresponsibly lent or treated Miss N unfairly bearing in mind all of the circumstances. And I haven't seen anything to suggest that s140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

So overall and having considered everything, I'm currently minded to conclude that Ann Finance acted fairly and reasonably when agreeing to provide these loans to Miss N.

#### *Conclusions*

Overall and having carefully considered everything, I'm not upholding Miss N's complaint. I appreciate that this will be very disappointing for Miss N. This is especially as the investigator – albeit erroneously – suggested that the complaint should be upheld. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

### **My final decision**

For the reasons I've explained above and in my provisional decision of 27 October 2025, I'm not upholding Miss N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 9 December 2025.

Jeshen Narayanan  
**Ombudsman**