

## **The complaint**

Mr W is unhappy OAKBROOK FINANCE LIMITED trading as Likely Loans ('Oakbrook') provided him with two loans that were unaffordable.

## **What happened**

Oakbrook provided Mr W with two loans:

- Loan one in May 2022 for £3,500. This was due to be repaid in 36 monthly instalments of around £119.
- Loan two in February 2023 for £1,000. This was due to be repaid in 24 monthly instalments of around £68.

Mr W made an irresponsible lending complaint in August 2025. He said Oakbrook had worsened his financial situation and should have realised he was struggling financially at the point he applied for the loans.

Oakbrook didn't uphold Mr W's complaint, explaining the information they'd obtained at application and from the credit reference agencies ('CRA') supported these loans were affordable. So, Mr W brought his complaint to the Financial Ombudsman.

One of our investigators looked at Mr W's complaint but didn't find that Oakbrook had lent irresponsibly or that the loans were unaffordable.

Mr W disagreed with our investigator, explaining that Oakbrook didn't ask him for a payslip and failed to see he'd taken out multiple other loans in between both loans.

Because an agreement couldn't be reached, the complaint has been passed to me to decide.

## **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.

Having done so, I'm not upholding Mr W's complaint. I know this is likely to come as a disappointment to Mr W, so I'll explain the reasons for my decision.

The Financial Conduct Authority (FCA) sets out in a part of its handbook known as 'CONC' what lenders must do when deciding whether or not to lend to a consumer. In summary, a firm must consider a customer's ability to make repayments under the agreement without having to borrow further to meet repayments or default on other obligations, and without the repayments having a significant adverse impact on the customer's financial situation.

Fundamentally, a firm must carry out checks which are proportionate to the individual circumstances of each case.

I've kept all of this in mind when thinking about whether Oakbrook did what was needed before lending to Mr W.

#### Did Oakbrook carry out reasonable and proportionate checks?

Before approving the application for loan one, Oakbrook:

- Asked Mr W what his income was and verified this using Current Account Turnover ('CATO') data
- Asked Mr W about his housing costs
- Estimated Mr W's essential living costs using statistical data
- Estimated Mr W's disposable income
- Checked his credit file

Oakbrook carried the same checks before approving Mr W's application for loan two, but they relied on a payslip to verify his income.

I appreciate Mr W has said that Oakbrook shouldn't have estimated his disposable income. He feels they should have verified his income and expenditure by checking his bank statements. However, regulations specifically allow a business to use credit reference agency data to verify an applicant's income. And the information they obtained matched the income Mr W declared at application, so I'm satisfied they didn't need to check his bank statements. There was no obligation for Oakbrook to do so.

With regards to loan two, I understand Mr W has disputed the payslip Oakbrook have provided as part of their affordability assessment. And I can see he has also provided a payslip for the same month which shows different information. Whilst I can't explain why they show different information, I'm satisfied the payslip provided by Oakbrook matches the annual income figure of £42,000 declared in his loan application. So, I'm satisfied it was fair for them to rely on this evidence and verify Mr W's income in this way.

The regulations also allow a business to use statistical data to estimate an applicant's expenditure, so Oakbrook didn't do anything wrong by using such data here. And alongside that, I haven't seen anything in the overall information Oakbrook obtained which ought to have prompted them to do further checks.

Mr W's external debt was fairly low in comparison to his income, and he was managing his existing accounts well. He did have defaults being reported, but these dated back to 2018 and so were not indicative of any recent financial difficulties.

Overall, I'm satisfied these checks Oakbrook carried out – for loan one and two – were reasonable and proportionate in the circumstances. It follows that I think it was reasonable for Oakbrook to not go through a detailed expenditure assessment considering all of the information they gathered.

#### Did Oakbrook make fair lending decisions?

Just because I think the checks were proportionate based on Mr W's circumstances, it doesn't end there. I need to consider whether Oakbrook made fair decisions to lend.

##### *Loan one*

Oakbrook carried out a credit check which showed no recent adverse information. Two defaults had been recorded 47 months prior, but they appeared to have been satisfied and

there had been no further issues with Mr W's accounts since. So, whilst this information suggested Mr W had previously been in financial difficulty, this didn't appear to be the case anymore.

He had around £5,000 external debt and appeared to be managing these accounts well, with no missed payments, underpayments or arrears in the months leading up to the loan application.

Oakbrook verified Mr W's monthly income of around £1,665 using CATO income verification, which matches the £24,000 income Mr W provided in his application. Mr W stated in his application he was living with his parents and declared housing costs of £100, which Oakbrook increased to around £180. They relied on the CRA data to establish Mr W's monthly debt commitments of around £302. Finally, they estimated Mr W's monthly non-discretionary spending to be around £441.

Based on these figures, and after factoring in the new loan repayment, Mr W was left with around £622 per month. So, I'm persuaded Oakbrook didn't act unfairly when they granted the loan to Mr W, as the information they obtained suggested that the loan would be sustainably affordable.

#### *Loan two*

Oakbrook's credit check again showed no recent adverse information. Mr W's external debt had increased to around £16,700, but this was due to a new hire purchase agreement. So, I'm not persuaded this was indicative of Mr W being reliant on lending. Mr W's overall number of active accounts had, in fact, decreased and so had his revolving debt balances. He still appeared to be managing these accounts well, with no missed payments, underpayments or arrears in the months leading up to the loan application.

Oakbrook verified Mr W's income using a payslip showing Mr W's monthly income was around £2,513, which matches the £42,000 income Mr W provided in his application. Mr W declared housing costs of £100, which Oakbrook increased to around £261. They relied on the CRA data to establish Mr W's monthly debt commitments of around £533. Finally, they estimated Mr W's monthly non-discretionary spending to be around £586 and added an inflation buffer of around £88.

Based on these figures, and after factoring in the new loan repayment, Mr W was left with around £976 per month. So, again, I'm persuaded Oakbrook didn't act unfairly when they granted the loan to Mr W.

I appreciate Mr W's point about being reliant on lending, and I can see this is supported by the credit report he provided. I can see he had taken out two short-term loans, in April 2022 and August 2022, and he had more active loans than shown on Oakbrook's credit check. I can't explain why Oakbrook's checks shows different information, especially as they appear to have used the same CRA as the one Mr W obtained his credit report from. However, from the information I've seen in Mr W's credit report, I'm not persuaded this makes a difference in the circumstances. I say this because Mr W's estimated disposable income had enough headroom to allow for increased debt commitments. And whilst his report shows he had been somewhat reliant on other loans since taking out his first loan with Oakbrook, I'm not persuaded this suggested he was struggling financially or couldn't afford this new loan. In fact, he settled loan one early – which supports the view that the credit was affordable for him.

Overall, having considered everything, I'm persuaded Oakbrook acted fairly and reasonably when agreeing to provide these loans to Mr W.

In reaching my conclusions, I've also considered whether the lending relationship between Oakbrook and Mr W might have been unfair to Mr W under Section 140A of the Consumer Credit Act 1974 ("Section 140A"). However, for the reasons I've already given, I don't think Oakbrook lent irresponsibly to Mr W 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**

For the reasons I've outlined above, I'm not upholding Mr W's complaint about OAKBROOK FINANCE LIMITED trading as Likely Loans.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 11 March 2026.

Amelie Makris  
**Ombudsman**