

The complaint

Mr H complains that Oakbrook Finance Limited irresponsibly lent to him. Mr H also says when he fell behind on his payments, Oakbrook didn't offer support.

What happened

Oakbrook lent Mr H one loan in August 2021. The loan was for £2,000 with 12 monthly repayments of £231.87. Mr H experienced difficulties repaying the loan and the debt has been sold to a third party.

When Mr H complained to Oakbrook, it didn't uphold his complaint. It said it carried out sufficient checks and those checks showed Mr H could repay his borrowing. Unhappy with Oakbrook's response, Mr H referred his complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. Our investigator didn't recommend that Mr H's complaint should be upheld.

Mr H disagreed with the investigator and requested that an ombudsman to decide his complaint. Mr H said his credit file showed he had a County Court Judgement (CCJ) at the time and this should have raised concerns about his ability to repay the loan. Mr H also says, his income was variable at the time and Oakbrook used unrealistic figures to assess his living costs.

As the complaint remains unresolved, it has been passed to me, an ombudsman 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.

I've also taken into account the law, any relevant regulatory rules and good industry practice at the time the loans were offered. I've read and considered the whole file. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome.

Before lending money to a consumer, a lender should take proportionate steps to understand whether the consumer could repay without borrowing further or suffering significant adverse consequences.

A lender should gather enough information for it to be able to make an informed decision on the lending. Although the guidance and rules themselves didn't set out compulsory checks, they did list a number of things a lender could take into account before agreeing to lend. The key thing was that any checks needed to be proportionate and had to take into account a number of different things, including things such as how much was being lent and when what was being borrowed was due to be repaid. A lender should also take into account and react appropriately to what it knew about the consumer at the time it made its lending decision.

Oakbrook has provided information showing that before agreeing to lend, it asked Mr H about his income and he declared a gross annual income of £40,000, Oakbrook verified Mr H's income through electronic means and worked out that Mr H's monthly income was around £2,074.09, less than he'd declared. Mr H declared his monthly housing costs as £100 and Oakbrook estimated his other living costs using data from the Office of National Statistics (ONS). Oakbrook searched Mr H's credit file and found he had a default from more than two years before and a CCJ entered on his credit file five months before. Oakbrook's search of Mr H's credit file shows he was repaying around £139 towards credit, this included the repayments towards the CCJ.

In the circumstances, I wouldn't have expected Oakbrook to place much weight on the default as it is historic. However, given that the CCJ was more recent and despite the fact the figures left Mr H with a significant amount of income after deducting his committed costs from his income, I'd have expected Oakbrook to take steps to understand and react to the CCJ. This doesn't mean I think it should have gone into granular details about Mr H's finances by requesting bank statements and payslips, asking Mr H about the CCJ would likely have been sufficient here. Oakbrook says there was no corresponding default recorded on Mr H's credit file for the CCJ which meant it wasn't a sign he was struggling with credit.

This service has asked Mr H about his recorded CCJ and Mr H has said it was due to solicitor's fees. In the circumstances even if Oakbrook had taken steps to enquire about the CCJ, I think it would have found that it wasn't a sign that Mr H was struggling to manage his credit and wouldn't have declined the loan due to the entry. The fact that Oakbrook didn't make further enquiries about the CCJ doesn't mean it was wrong to lend, I have to think about what it'd have likely found had it taken further steps to understand the CCJ. I think it'd likely have found the CCJ on its own didn't demonstrate that Mr H struggled to manage credit.

The results of Oakbrook's checks show that Mr H was left with sufficient disposable income to meet his monthly repayments and have income left over. I understand Mr H's point about the housing costs used unrealistic, however I have to take into account that Oakbrook made a decision to lend based on a lower income than Mr H declared and the income left over after committed costs and the loan repayment would have been sufficient to cover any increased living costs. Also, it wasn't unreasonable for Oakbrook to rely on public data when considering Mr H's living costs in the circumstances.

Mr H has also said his income was variable, while this may be the case, Oakbrook verified inflows into Mr H's bank account using electronic means through a credit reference agency and I think it was reasonable for it to rely on the results those checks provided. I don't think Oakbrook has lent when it shouldn't have so I won't be asking it to put things right for Mr H.

Has Oakbrook acted unreasonably in some other way?

Mr H has said when he was struggling to repay his loan, Oakbrook didn't offer any support, but I can see that when Mr H missed his payments, Oakbrook tried to contact him in writing but was unable to reach Mr H. I also haven't seen any evidence that Mr H reached out to Oakbrook during the time or asked for assistance when he was struggling to pay, it was only after Oakbrook sold the loan account Mr H told it about his vulnerability. If Oakbrook was unable to reach Mr H and engage with him, it couldn't reasonably have understood his circumstances or offered support. So, I don't think Oakbrook has done anything wrong here.

I've also considered whether Oakbrook acted unfairly or unreasonably in some other way, including whether its relationship with Mr H might have been viewed as unfair by a court under s.140A Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Oakbrook lent irresponsibly to Mr H or otherwise treated him 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.

I appreciate my findings will likely disappoint Mr H but I hope my explanation helps him understand why I've reached these conclusions.

My final decision

For the reasons given above, I do not uphold Mr H's complaint or make any awards against Oakbrook Finance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 6 March 2026.

Oyetola Oduola
Ombudsman