

## **The complaint**

Mr D is complaining that Brent Shrine Credit Union Limited trading as My Community Bank (MCB) lent to him irresponsibly when they provided him with a personal loan.

## **What happened**

In October 2024, Mr D applied for a loan with MCB. They approved his application and lent him £3,860 over a three-year term. The loan required Mr D to make 35 monthly repayments of around £160, followed by a final payment to clear the balance.

Mr D complained to MCB in April 2025, saying they shouldn't have given him the loan as it was unaffordable. He said MCB should have done more checks before lending to him. Mr D later made a second complaint to MCB. For the avoidance of doubt, this decision only relates to Mr D's allegation of irresponsible lending.

MCB responded, saying they'd carried out appropriate checks before lending to Mr D. They said they were satisfied that Mr D met their lending criteria from both a creditworthiness and affordability perspective and so didn't uphold his complaint.

Mr D wasn't happy with MCB's response, so he brought his complaint to our service and one of our investigators looked into it. Our investigator's view was that the complaint shouldn't be upheld – she thought MCB had carried out enough checks and had made a fair lending decision given what they'd found.

Mr D didn't accept our investigator's view. His main point was that MCB should have done more detailed checks, or more up-to-date checks, of his income. He said if they had, they'd have discovered he'd recently finished his last contractor assignment. He also made several points which relate to his other complaint about MCB. Mr D asked for an ombudsman's decision – and the matter's come to me.

## **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 D's complaint for broadly the same reasons as our investigator. I appreciate this will be disappointing for Mr D, but I'll explain further below.

Mr D's loan agreement with MCB is an exempt agreement and therefore isn't subject to all the consumer credit regulations set out in the Financial Conduct Authority's (FCA) consumer credit sourcebook (CONC). It is subject to the provisions set out in the FCA's Credit Unions Sourcebook (CREDS).

Chapter 7 of CREDS says a credit union must maintain and implement a prudent and appropriate lending policy and that this should consider the handling of applications for

lending. And it says it seeks to protect the interests of credit unions' members in respect of loans to members.

Taking all this together, it's clear the FCA recommends that a credit union's lending policy needs to protect members' interests. This suggests the credit union needs to check whether a loan would be sustainably affordable for an applicant as well as the creditworthiness of that applicant – as the members' interests wouldn't be protected if the applicant later defaulted on their loan. In addition, MCB's website says: "*we only lend what you can afford to pay back*" and their final response letter to Mr D says they're required to carry out an affordability assessment to ensure the loan is affordable.

So, in summary, it's reasonable to assume that before providing this loan MCB needed to consider Mr D's financial circumstances and the affordability of the loan for him.

#### Did MCB carry out reasonable checks?

Before lending to Mr D, MCB:

- Obtained Mr D's income from his application and used an automated tool provided by a credit reference agency to verify this;
- Carried out a credit check, and used information from the credit report to assess Mr D's monthly credit commitments;
- Used ONS data to estimate Mr D's non-discretionary spending;
- Used all of these figures to carry out an affordability assessment and determine that the monthly repayments would be affordable for Mr D.

I'm satisfied that these checks were thorough enough to give MCB a good understanding of Mr D's financial circumstances at the time of his application. Although the loan was for three years, the monthly payments were relatively low, at around 5% of Mr D's estimated take-home pay. Although the checks were automated, this doesn't make them insufficient. These methods are widely used across the lending sector in the United Kingdom, and I can't say MCB should have done given what they knew about Mr D's circumstances.

Mr D says MCB should have obtained more information about his income. In particular, he told us that his last pay before this loan was in early September 2024 and his last contractor assignment ended in mid-October 2024. So, he was no longer employed by the time the loan was approved. Mr D noted that he'd received an email saying he'd passed all checks on 21 October 2024, and the loan was approved a week later with no further checks having been carried out. Mr D suggested MCB should have updated their checks before finalising the loan. He thinks they ought to have discovered that his employment had ended. But I disagree. I'm satisfied it was reasonable for MCB to assume that there'd been no material changes in Mr D's circumstances in the week between them carrying out the checks and approving the loan. And the checks MCB carried out suggested that what Mr D had told them was true – that he was employed with a salary of £50,000 per year.

#### Did MCB make a fair lending decision?

Having decided that MCB carried out enough checks, I have to consider whether their decision to lend to Mr D was fair.

When I looked at the credit file MCB had reviewed, I could see Mr D had a credit card with a balance of around £1,120, and a current account with no overdraft. The credit file showed Mr D was up to date on both accounts and hadn't missed any payments. He had no other active creditors at the time. The credit card was relatively new, so Mr D didn't have a

longstanding history of good creditor management. But the credit report showed no indication that Mr D might have been in any financial difficulties or was over-reliant on credit.

On balance therefore, I don't think there was anything in Mr D's credit report which suggested MCB shouldn't have lent to him.

MCB verified Mr D's net income as being around £3,290 per month. I've already explained why I think their method of verification was reasonable. And this amount matches what I'd expect given Mr D's application said he earned £50,000 per year.

MCB deducted from this monthly income figure the £500 Mr D had told them he paid in rent, £690 they'd estimated in relation to other essential living costs, and £45 for existing credit commitments. They also deducted a £50 "buffer" and calculated he'd have plenty of disposable income leftover. I'm satisfied the figures MCB used were reasonable. And I'm satisfied they acted fairly in deciding the monthly instalments would be affordable for Mr D.

*Did MCB treat Mr D unfairly in any other way?*

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974 (Section 140A). However, for the reasons I've already given, I don't think MCB lent irresponsibly to Mr D 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.

**My final decision**

As I've explained above, I'm not upholding Mr D's complaint about Brent Shrine Credit Union Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 7 January 2026.

Clare King  
**Ombudsman**