

The complaint

Mr L complains that Plata Finance Limited lent to him irresponsibly when they provided him with a personal loan.

What happened

In November 2024, Mr L was provided with a personal loan from Plata. The loan was for £15,000 and was repayable over 60 months, with a monthly repayment of £397.

In 2025, Mr L complained. In summary, he said Plata had irresponsibly lent to him and that sufficient checks – to ensure his affordability status – hadn't been undertaken.

Plata didn't uphold the complaint. They said, in summary, that they had carried out checks proportionate to the amount being lent; those checks hadn't revealed any concerns, and on that basis, the lending had been agreed. They were satisfied they had lent responsibly.

Mr L disagreed; he still thought Plata were wrong to have lent to him. So, he referred his complaint to this Service for independent review.

An Investigator here considered what had happened but didn't recommend the complaint be upheld. In summary, he said:

- Plata had a responsibility to carry out proportionate checks.
- Based on the amount being lent, and the existing levels of credit that Plata had seen was outstanding, Plata's checks should've gone further.
- However, had Plata carried out proportionate checks, they would've still likely concluded that the lending would've been affordable for Mr L; so,
- He wouldn't be upholding the complaint.

Mr L remained unhappy with the findings and said that he thinks proportionate checks ought to have shown the loan to be unaffordable.

So, as the matter remains in dispute, Mr L's complaint has now 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 now reviewed matters, and while this will no doubt disappoint Mr L, I agree with the findings of our Investigator and for broadly the same reasons. I'll explain why.

The rules and regulations in place at the time Mr L was provided with the loan, required Plata to carry out a reasonable and proportionate assessment. That's to determine whether Mr L could afford to repay what he owed in a sustainable manner. This practice is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be borrower focussed; that is, relevant to Mr L. So, Plata had to think about whether repaying the credit sustainably would cause him difficulties, or other adverse consequences. In other words, Plata had to consider the impact of any repayments on Mr L.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g: their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking.

I've kept all of this in mind when thinking about whether Plata did what they needed to before agreeing to lend to Mr L.

Here, before agreeing to lend, Plata checked data recorded with Credit Reference Agencies ("CRAs"); and they relied upon information provided by Mr L at the time of his application.

I've been provided with the results of Plata's checks and, in my view, the data they gathered didn't suggest that there was any real cause for concern. The checks completed didn't show any recent defaults or County Court Judgments ("CCJs"). And Mr L did not seem to be using the overdraft provided to him excessively. Furthermore, he was only using around two thirds of the limits available to him across his revolving credit commitments. So, on the face of things, his credit seemed to be well managed.

Mr L declared a monthly income of around £2,500 at the time he applied, with around £450 a month in general living costs. Using credit reference agency data – to confirm both Mr L's income, and his credit commitments – Plata concluded that Mr L had around £972 a month being paid towards his existing credit commitments, leaving him with a disposable income of around £694 – from which to maintain his repayments of £397 a month. Further deductions were also made from Mr L's credit commitments on the basis the loan was being used for consolidation purposes.

While I accept that Plata did carry out some checks before deciding to lend, given the level of monthly outgoings Mr L had going towards existing credit; and the size of the loan he was now taking out; I agree with the investigator, that Plata's checks should've gone further. This might have included reviewing bank statements to get a better understanding of Mr L's outgoings.

I've reviewed the bank statements provided to gain a better picture of Mr L's financial position. And having done so, it's evident that Mr L does have a high amount in monthly commitments towards existing credit.

I've also, however, reached the same approximate figures as the investigator in terms of the income Mr L receives – both from his regular work, and his freelancing – totalling around £3,600 a month.

Mr L has argued that the freelance work isn't guaranteed and can be sporadic. But, given this seems to be a reasonably regular income that Mr L receives, I think it's fair it's taken into account when assessing affordability. So, I've looked at the average income received from these credits – as the investigator did – rather than just simply taking one month in isolation, which could represent a disproportionate figure.

Based on the above numbers – and not including transfers in from the pots that Mr L was concerned were being considered as income – it still appears that Mr L would have had a disposable income in the region of £1,500 a month from which to make his repayments.

I've also noted that Mr L held a sizeable balance in what his bank refer to as 'pots', in the lead up to taken out his loan, averaging at around £6,000 - £7,000. And I can see that Mr L transferred money across from these pots, to top up his account balance. So, I think it's fair to conclude that this was money he could utilise to help service his credit repayments if needed.

Furthermore, I can see that post this loan's inception, which was for consolidation purposes, several large payments were made to specific creditors; creditors that seemed to account for a significant proportion of Mr L's outgoings in the lead up to taking out this loan; and who's monthly payments I've initially included when assessing Mr L's disposable income. So, I think it's fair to say that it's likely Mr L's ongoing payments to these creditors were extinguished, or at least significantly reduced, as a result of him consolidating some of this existing debt.

So, while I appreciate this may come as a disappointment to Mr L, and I know it's not the outcome he was hoping for; and, while I agree that Plata's checks should've gone further, I think it still wouldn't have been reasonable for them to have concluded this lending would've been affordable for Mr L, based on what such checks would've revealed. So therefore, I won't be asking Plata to do anything further in the circumstances.

Finally, I've also considered whether the relationship might have been unfair under Section 140A (S140A) of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Plata lent irresponsibly to Mr L or otherwise treated him unfairly in relation to them. I haven't seen anything to suggest that S140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that do not uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 12 January 2026.

Brad McIlquham
Ombudsman