

The complaint

Mr B complains Valour Finance Limited trading as Savvy.co.uk (“Valour”) provided him with a loan that was unaffordable. Had further checks been made Valour would’ve seen the high levels of debt he had and he was using his overdraft.

What happened

Mr B was provided with one instalment loan of £500 in June 2025. Mr B was due to pay six monthly instalments of £155.08. Valour has confirmed the loan has been repaid.

In response to Mr B’s complaint, Valour said it hadn’t made an error when it approved the loan because it carried out proportionate checks, Mr B then referred the complaint to the Financial Ombudsman. The complaint was considered by an Investigator, who also didn’t uphold the complaint.

Mr B disagreed saying, in summary that he had taken another loan shortly before the Valour loan and this ought to have led Valour to conclude he was in difficulties. He went on to explain he ‘maxed out’ on his credit cards and was using his overdraft. Finally, he then provided an overview of his monthly outgoings which with his other costs meant the loan wasn’t affordable.

As no agreement could 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.

We’ve set out our general approach to complaints about this type of lending - including all the relevant rules, guidance and good industry practice - on our website.

Valour had to assess the lending to check if Mr B could afford to pay back the amount he’d borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. Valour’s checks could have taken into account a number of different things, such as how much was being lent, the size of the repayments, and Mr B’s income and expenditure.

With this in mind, I think in the early stages of a lending relationship, less thorough checks might have been proportionate. But certain factors might suggest Valour should have done more to establish that any lending was sustainable for Mr B. These factors include:

- Mr B having a low income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- The amounts to be repaid being especially high (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- Mr B having a large number of loans and/or having these loans over a long period of time (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable);
- Mr B coming back for loans shortly after previous borrowing had been repaid (also suggestive of the borrowing becoming unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable for Mr B. As there was only one loan then I agree with the Investigator that this wouldn't apply in this complaint.

Valour was required to establish whether Mr B could *sustainably* repay the loan – not just whether he technically had enough money to make his repayments. Having enough money to make the repayments could of course be an indicator that Mr B was able to repay his loan sustainably. But it doesn't automatically follow that this is the case.

I've considered all the arguments, evidence and information provided in this context, and thought about what this means for Mr B's complaint.

Before the loan was approved, Valour took details of Mr B's income and expenditure as well as carrying out a credit search. Having reviewed the information it gathered, and the amount lent to Mr B, I am satisfied Valour carried out proportionate checks which showed it that Mr B could afford the repayments and I've outlined my reasons for doing so below.

Valour received details from Mr B about his income, which he declared to be £2,900 per month. Valour says it took steps to check this income through an automated validation check – this is common practice within the industry. The results of the check indicated the income Mr B had declared was likely accurate. So, I don't think it was unreasonable for Valour to have relied on the above figure for its affordability assessment.

As a result of these checks, Valour believed Mr B's monthly outgoings came to £1,111. To this it added a further £342.05 which was the amount of existing credit commitments Valour was told Mr B had following its credit search. It was therefore reasonable of Valour to conclude that Mr B had sufficient disposable income to afford the repayments.

Valour also carried out a credit search and it has provided the results it received from the credit reference agency. It is worth saying here that although Valour carried out a credit search there wasn't specific standard it had to adhere to in terms of what information it needed to ask for. But what Valour couldn't do is carry out a credit search and then not react to the to the information it received. Valour was also entitled to rely on the results it was given as it didn't have anything to suggest the results were in anyway inaccurate.

The credit check results gave an overview of the active credit accounts that Mr B had. All of these accounts had been well maintained with no adverse information being reported about them. It knew that Mr B had an existing hire purchase agreement, credit cards, mail order account, mobile phone and current accounts. But there wasn't anything to suggest that Mr B was having problems paying his existing credit commitments.

There was some adverse payment information Mr B had defaulted on seven accounts including loans, credit card and a communication account. One of the defaults had been

reported in 2020 and all of the others occurred in 2022. What that does show is around three years before the loan agreement Mr B must have been having significant financial difficulties to the extent that he wasn't able to keep on top of his repayments.

Around half the defaults had been settled, but even Valour knowing about these defaults hasn't made a difference to its lending decision because I think it was entitled to place less weight on them as a sign Mr B was having current financial difficulties. I say this bearing in mind his active accounts had been paid well, there wasn't significant amounts of new adverse payment information, and it had been three years since the last default.

Taking everything into account, there wasn't, in my view, anything solely from the credit file results which would've led to Valour to decline Mr B's application or to have prompted it to carry out further checks.

It therefore follows that it was reasonable for Valour to have relied on the information Mr B provided about his income and expenditure as well as the credit check results which showed sufficient disposable income to afford the repayments.

I'm therefore not upholding Mr B's complaint about the sale of the loan and I appreciate this will come as a disappointment to Mr B.

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

So, for the reasons I've explained above, I'm not upholding Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 4 March 2026.

Robert Walker
Ombudsman