DRN-5991433

The complaint

Mr T has complained that Hastings Financial Services Limited, trading as Hastings Direct, lent to him irresponsibly without carrying our appropriate affordability checks

What happened

In March 2024, Mr T entered into a fixed sum loan agreement with Hastings Direct for £10,000, with an interest rate of 12.2% to be repaid in instalments of £220.27 per month for 5 years.

Mr T had other credit commitments, made of up of secured and unsecured loans, along with credit cards and mail order accounts. Mr T subsequently fell into financial difficulty and believes that Hastings Direct should never have approved the loan.

Hastings Direct issued a Final Response Letter on 20 June 2025, rejecting Mr T's complaint and explaining their reasoning.

Our investigator considered whether Hastings Direct had completed reasonable and proportionate checks to satisfy itself that Mr T would be able to repay the loan in a sustainable way and whether Hastings Direct made a fair lending decision. They concluded that this was the case and shared their reasoning. Mr T didn't agree with the decision and asked for an ombudsman 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 this complaint. I know this will disappoint Mr T, so I'll explain why.

The rules and regulations in place at the time Hastings Direct provided Mr T with the loan required them to carry out a reasonable and proportionate assessment of whether he could afford to repay what he owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Hastings Direct had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Mr T. In other words, it wasn't enough for Hastings Direct to consider the likelihood of them getting the funds back – they had to consider the impact of any repayments on Mr T.

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 Hastings Direct did what they needed to before lending to Mr T.

Hastings Direct used information declared by Mr T in his application, they did a credit reference agency (CRA) check and used data from the Office of National Statistics (ONS) to help them see whether the loan was affordable for Mr T.

In his application, Mr T declared an annual salary of £59,857 and monthly mortgage commitments of £525. The information Hastings Direct obtained showed Mr T had external debt of around £46,000, not including a mortgage. Mr T didn't have any adverse information recorded on his credit file, although two years prior he had taken out some payday lending.

Using all the information they had, Hastings Direct calculated that, including the monthly repayments for this loan and all other costs noted, Mr T would be left with a disposable income of £1,261.70 per month, which they considered affordable and sustainable.

Having looked at all the information available, I can see Mr T declared he was paying £525 per month towards his mortgage. However, It's clear from the credit report Hastings Direct obtained that the monthly mortgage repayment amount was more than this – almost double. It's not clear whether Hastings Direct relied upon Mr T's declared amount (almost half the monthly amount) or the actual full amount obtained in the CRA data, but either way it doesn't make a difference.

I say this because whether I rely on what Mr T declared, or what's reported on the CRA data, Mr T would still be left with sufficient disposable income to repay the monthly repayments to Hastings Direct each month.

I understand Mr T is saying he was in financial difficulty at the time, and he was overindebted, but this wasn't yet evident on the credit report Hastings Direct obtained. And therefore I can't reasonably say they ought to have been aware that Mr T was in financial difficulty. I've also thought about what he's said regarding what happened to his financial predicament after the Hastings Direct loan was given. And again, while I'm not doubting what he's describing here, I need to consider what Hastings Direct would've been aware of at the time of lending, and not after.

Finally, I've thought about whether or not the payday lending two years prior ought to have put Hastings Direct on notice that Mr T was struggling financially. But this was settled long before this loan was applied for, and there was no other adverse information.

So therefore, it follows that I believe the checks Hastings Direct carried out were proportionate to the modest monthly repayment amounts in comparison to Mr T's income and expenditure, and they made a fair decision to lend.

In reaching my conclusions, I've also considered whether the lending relationship between Mr T and Hastings Direct might have been unfair to Mr T under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Hastings Direct did not lend irresponsibly when providing Mr T with the loan. And I haven't seen anything to suggest that s140A of the CCA would, given the facts of this complaint, lead to a different outcome here.

So while it will come as a disappointment to Mr T, I won't be upholding his complaint against Hastings Direct for the reasons explained above.

My final decision

I don't uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 30 December 2025.

David Barker
Ombudsman