

The complaint

Miss D complains that Valour Finance Limited trading as Savvy.co.uk (“Valour”) gave her a loan without carrying out sufficient affordability checks. Had better checks been made Valour would’ve seen Miss D was stuck in a cycle of borrowing.

What happened

Miss D was granted one instalment loan of £1,000 in December 2024, and she was due to make 12 monthly repayments of £166.66. Based on the information I have, an outstanding balance remains due.

In response to Miss D’s complaint, Valour said it hadn’t made an error when it approved the loan. Unhappy with this, Miss D referred the complaint to the Financial Ombudsman. The complaint was then considered by an Investigator, who concluded Valour fairly provided the loan. Miss D disagreed and asked for a decision – and she said she could provide copy bank statements, if needed.

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 Miss D could afford to pay back the amount she’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 Miss D’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 Miss D. These factors include:

- Miss D 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);
- Miss D 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);
- Miss D 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 Miss D. Miss D was granted one loan so this wouldn't apply in the circumstances of her complaint.

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

Before the loan was approved, Valour took details of Miss D's income and expenditure as well as carrying out a credit search. Having reviewed the information it gathered, and the amount lent to Miss D, I am satisfied Valour carried out proportionate checks which showed it that Miss D could afford the repayments, and I've outlined why I think this below.

Valour says it conducted an income check which showed it the amount of income Miss D received into her account in the preceding year. Having carried out this check, it was satisfied Miss D's usual monthly income was £2,583.

As part of the application process Miss D provided Valour with details of her living costs. In a telephone call (a copy of the recorded call has been provided which I have listened to) she confirmed details of her application such as her pay day, living situation and details of her income and expenditure. As a result of these checks, Valour believed Miss D's monthly outgoings came to £1,686.05 and so she 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. Valour was told about a default that occurred in January 2020 in relation to a mobile phone account. And then it looks like there was a delinquency marker on a loan account from May 2019. But I don't think Valour would've been overly concerned by these because of the time that had passed since the adverse markers. Especially as Miss D reassured the telephone agent at Valour that she was in dispute with the lender in regards to the default.

In addition, there were no adverse payment markers recorded since – so I don't think the historic adverse information as a sign that Miss D was having or likely having financial difficulties.

From the information it received, Valour was aware of existing credit cards, current account, loans, mail order and mobile phone accounts. All of the active accounts had been repaid as expected with no adverse payment information recorded against them.

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 Miss D's application or to have prompted it to carry out further checks.

Overall, given it was early in the lending relationship, it was reasonable for Valour to have relied on the information Miss D provided about her income and expenditure as well as the credit check results which showed sufficient disposable income to afford the repayments, she was committed to making.

Miss D has said if needed, she could provide her bank statements but considering the circumstances of the complaint I think it would've been disproportionate for Valour to have requested them. So I've not needed to see them in order to come to a fair outcome.

I do understand how disappointing this outcome is for Miss D but an outstanding balance does appear to be owed so I would remind Valour of its obligation to treat Miss D fairly and with forbearance when discussing a way forward.

I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Valour lent irresponsibly to Miss D or otherwise treated her 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 Miss D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 18 March 2026.

Robert Walker
Ombudsman