

The complaint

Mr F complains Salad Finance Limited irresponsibly lent to him because it didn't carry out reasonable and proportionate checks to ensure the lending was affordable for him.

What happened

Mr F took out a personal loan with Salad Finance on 14 January 2025. The amount of credit provided was £1,200. The duration of the agreement was 18 months with monthly instalments of £104.98. The total amount repayable was £1,889.64.

Mr F complained about the lending decision on 21 August 2025. He feels Salad Finance didn't complete proportionate checks and overstated his income. He also feels they understated his gambling spend. He had to take out further borrowing to repay the credit and later entered into a debt management plan.

Salad Finance responded to the complaint on 25 September 2025. It said the checks it completed were reasonable and proportionate and it felt it had made a fair lending decision. Mr F remained unhappy and asked our service to look into things.

Our Investigator issued a view explaining why he felt Salad Finance had made a fair lending decision. Mr F didn't accept our Investigator's findings. He felt there had been points which had been misunderstood and overlooked. For example, he said his gambling spend would have been clearly visible if Salad Finance had properly considered his statements. He also said the affordability picture was incorrect. His gambling transactions were miscategorised as surplus income and the disposable income figures relied on were inaccurate. He said his credit cards were heavily used.

As Mr F didn't agree, 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.

Our approach to irresponsible and unaffordable lending complaints is set out on our website. In summary, I need to consider if Salad Finance carried out reasonable and proportionate checks to satisfy itself that Mr F would be able to repay the credit sustainably. If it did, I need to think about whether it made a fair lending decision. However, if it didn't carry out appropriate checks, I need to think about whether proportionate checks were likely to have shown the lending was affordable and sustainable.

It's not about Salad Finance assessing the likelihood of being repaid, but it had to consider the impacts of the repayments on Mr F. There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments and the overall circumstances of the borrower.

Salad Finance has explained it uses open banking data to assess whether credit will be affordable for its consumers. Using this data it found, Mr F's average income over the three months leading up to the lending decision was £2,453.57. It also noted Mr F had been employed by his employer for at least four years. It had income data for six months leading up to the lending decision. Whilst Mr F's income did fluctuate (as he has noted), he still seemed to receive at least around £2,454. Therefore, I don't think there was anything which ought to have caused Salad Finance concern that he couldn't expect to earn this amount at a minimum.

Salad Finance also had access to other information. It confirmed there were no payments to debt enforcement companies, no records of any bankruptcy or insolvency and Mr F wasn't in a debt management plan. It also considered Mr F's payment consistency and found no issues. Additionally, it had information about Mr F's current credit commitments from the open banking data and he didn't seem overindebted. So, I don't think there were any clear indicators from the information obtained that Mr F might not be managing the credit he already had.

Salad Finance also had information about Mr F's expenditure. Firstly, I note there were significant transfers out of the account. However, Mr F also transferred back into it. Thinking about all the information Salad Finance had (including how Mr F seemed to be managing his finances), I don't think this ought to have been a cause for any concern.

In terms of Mr F's expenditure, it identified Mr F had direct debits of around £455 which had been successfully met. It also found he paid around £164 per month towards his existing credit on average over the previous three months. Based on the information it obtained, Salad Finance felt the repayments of £104.98 were affordable for Mr F and that it had obtained sufficient information to make a fair lending decision.

I've carefully thought about the information obtained and the checks carried out. I've thought about the terms of the loan including the monthly repayment amount and the total amount repayable. The repayments made up a fairly modest proportion of Mr F's monthly income and there wasn't anything else which ought to have prompted Salad Finance to carry out more thorough checks. I think the open banking data gave enough information about Mr F's income, expenditure and credit commitments to enable it to make a fair lending decision.

I understand the open banking reported information on Mr F's primary current account. I am aware Mr F had another account and the reported transfers on the open banking do indicate this. Salad Finance have confirmed this account wasn't a connected account and so wasn't visible on the open banking information. However, it does seem Salad Finance had enough information about his expenditure, and I think it would have been disproportionate for it to have obtained further information at the time.

Having concluded the checks were reasonable and proportionate, I must now decide if Salad Finance made a fair lending decision based on the information it obtained. Salad Finance determined Mr F's net monthly income was on average £2,454 and it was reasonable for it to rely on this figure. It also had information about Mr F's credit commitments and expenditure.

Mr F has said his credit commitments were significantly understated as he had a loan which he was making monthly repayments of £165.99 towards. I can see this loan was being repaid from a second account and as explained this was not visible in the open banking data. To reiterate, it would have been disproportionate for Salad Finance to obtain more information. In any event, I don't think this changes the affordability of the agreement here as the loan repayments still wouldn't have amounted to a very significant proportion of Mr F's net monthly income.

Having thought about the essential expenditure I can see on the open banking data (including payments towards food, rent, bills and so on), I'm satisfied it seems Mr F had sufficient income to meet his existing commitments and repay the new loan repayments of £104.98. He would also be left with enough disposable income, so he'd be able to meet any other reasonably foreseeable expenditure. Additionally, there doesn't seem to be anything in the way Mr F was managing his finances to have suggested it would be irresponsible for Salad Finance to have lent to him. Therefore, I'm satisfied Salad Finance made a fair lending decision.

Mr F has explained that he was compulsively gambling at the time and Salad Finance understated this. Salad Finance's calculation was based on the information it saw from the open banking which sourced data from Mr F's primary current account. I've already explained why I think it would have been disproportionate for it to have obtained any more information. And I don't think it had any cause to be concerned from the information it did have that Mr F might have a problem with gambling. I note Mr F has provided a response he received from another lender where it agreed to uphold the complaint. However, I must consider what's fair and reasonable in the individual circumstances of this complaint.

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 Salad Finance lent irresponsibly to Mr F 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.

I appreciate Mr F will be considerably disappointed by my decision and I understand that he has had to enter into a debt management plan. However, I'm satisfied Salad Finance reasonably relied on information it obtained from open banking. It would have been disproportionate for it to carry out further checks in the circumstances and based on the information it did have – it made a fair lending decision.

My final decision

For the reasons outlined above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 11 March 2026.

Laura Dean
Ombudsman