

The complaint

Miss B complains that Salary Finance Limited (Salary Finance) acted irresponsibly when they agreed to lend to her.

What happened

In February 2025, Miss B successfully applied for a loan with Salary Finance for £5,000 for the purpose of repair, which would require payments over 24 months with an APR of 29.9%. She complained to Salary Finance that this loan was not affordable. She says she had missed payments on existing lending at the time and was in a payment plan with another bank for an overdraft. She also owed money to family members.

Miss B had applied for a smaller loan from Salary Finance several months prior to this, which she says she thinks was declined due to gambling transactions on the statements she provided as part of that application. She therefore thinks that Salary Finance ought to have been aware of her financial difficulties and should have requested more information for this loan application.

Salary Finance explained that they verify salary information through employers, and that Miss B's employment and salary were verified as part of the application. After completing an affordability assessment and credit check, they found that the lending was affordable.

Miss B wasn't happy with Salary Finance's response and referred her complaint to us. Our investigator said the checks which Salary Finance carried out weren't proportionate, but that had proportionate checks been carried out, they would have found the lending was fair.

Salary Finance accepted this position, but Miss B did not. In summary, she said Salary Finance shouldn't be able to rely on estimates and Credit Reference Agency (CRA) data, particularly as they had already declined a previous loan. She felt this loan gave her a high level of debt compared to her income, which ought to have prompted further checks. She thinks it was inconsistent for Salary Finance to have asked for bank statements during the previous loan application but not this one. Had they requested these, she feels they would have asked about her gambling transactions. She said we should not consider what proportionate checks would have shown, rather what would have been found if Salary Finance had asked for bank statements and reviewed these.

Ultimately as this was not resolved, Miss B asked for an ombudsman to decide on the matter. So, the case 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.

While Miss B has provided detailed evidence of her complaint, and I've considered all the available information, I've not reflected every point that has been raised. No discourtesy is intended here, this is merely to reflect my informal role in deciding a fair and reasonable outcome. So, I've focused on what I think are the key issues of the complaint. If there is something I haven't mentioned, it isn't because I've ignored it.

I've considered what both parties have said about Miss B's lending with Salary Finance. Having carefully considered everything, I think that Salary Finance acted fairly and reasonably.

The relevant rules, regulations, and guidance at the time of Salary Finance's lending decision required them to carry out proportionate checks. While there isn't a defined list of checks a lender needs to carry out, such checks should be proportionate, considering things like the type, amount, duration and total cost of the credit, as well as the borrower's individual circumstances. These checks needed to assess Miss B's ability to afford the loan being approved and to be able to repay it sustainably, without causing her financial difficulties or harm.

It isn't sufficient for Salary Finance to just complete proportionate checks, they must also consider the information obtained from these checks to make fair lending decisions. I've considered the checks Salary Finance did and what they found from these checks.

When Miss B applied for a loan with Salary Finance in February 2025, she said that she had an annual income of £25,584. As Salary Finance offer financial products through employers, this allows them to validate salary through direct access to payroll information uploaded by the applicant's employer. Miss B's salary was verified and Salary Finance confirmed she had a monthly net income of £1,743.06.

Salary Finance used information from the Office of National Statistics (ONS) to calculate monthly non-discretionary expenses. This found Miss B had monthly costs for housing and living expenses of £657. They found she had existing monthly credit commitments of around £494. Taking into account the monthly payments towards the new loan of around £274, Miss B had a remaining disposable income of around £318.

Salary Finance also completed a credit check which found that there were no recent missed payments, County Court Judgments (CCJs), bankruptcy, payment arrangements in place or recent defaults. This did not show information about Miss B's overdraft payment plan with another lender, and although she had missed payments in the past, these were not so recent as to show on her credit file for this application. I think it is fair that Salary Finance considered the information presented to them on her credit file.

I've also considered whether there was anything in relation to Miss B's previous loan application with Salary Finance in September 2024 that ought to have prompted them to make further checks within this application. Miss B said that she feels the previous loan was declined due to the gambling transactions on her account. After reviewing evidence provided by Salary Finance about this loan application, there is nothing to suggest this was declined due to gambling transactions. The bank statements provided for this loan did not pass automated verification and so were not considered. I don't think there was anything in the evidence provided for the previous lending that should have prompted Salary Finance to make further checks in relation to the current loan application.

Taking into account that Miss B's income had been verified, her disposable income after Salary Finance accounted for her monthly credit commitments and conducted ONS checks on other expenses, alongside the information found on Miss B's credit file, I think that the checks which Salary Finance carried out were reasonable and proportionate in the circumstances.

I also have to consider if, based on the information within these checks, the information was considered fairly. The checks carried out by Salary Finance found that Miss B had sufficient disposable income to afford repayments on the loan. I think that the verified income, disposable income remaining and lack of recent negative information on Miss B's credit file also show that the lending was likely to be sustainable.

I acknowledge that Miss B has pointed to gambling transactions on her recent statements and those prior to her previous loan application indicating that she was in financial difficulty. However, I don't think that this would have been evident to Salary Finance based on the information that was available to them after conducting reasonable and proportionate checks. While bank statements had been requested for previous lending, the content of these was not considered by Salary Finance. I therefore do not think they should have taken this into account when considering if the current lending was fair.

Based on all of the above, I think that the checks carried out showed that the lending was affordable and sustainable and that the decision to lend was fair.

In reaching my conclusions, I've also considered whether the lending relationship between Miss B and Salary Finance might have been unfair to Miss B under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Salary Finance did not lend irresponsibly when providing Miss B with the credit account or otherwise treat her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A CCA would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons given above, I do not uphold this complaint against Salary Finance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 14 April 2026.

Frances Kerslake
Ombudsman