

The complaint

Mrs L complains that Salary Finance Limited lent to her irresponsibly.

What happened

In July 2025, Mrs L took out a loan with Salary Finance; she borrowed £12,000 over a term of 36 months. Her repayments were around £477 each month.

A few months later, in October 2025, Mrs L complained to Salary Finance. She said, in summary, that she thought it had irresponsibly provided the loan. Mrs L held the view that Salary Finance hadn't conducted suitable checks before approving her application. In response, Salary Finance didn't uphold Mrs L's complaint; it defended its decision to lend, and it said it had carried out suitable checks in the circumstances. Unhappy with that, Mrs L contacted this Service for an independent review and an Investigator here looked at what had happened.

In summary, the Investigator said:

- Salary Finance had carried out proportionate checks, in the circumstances, before agreeing to provide Mrs L with the loan.
- Those checks hadn't revealed anything which suggested the loan was, or would be, unaffordable for Mrs L. Rather, the available information suggested the loan would be affordable for her; she also appeared to be managing her existing credit commitments well at the time too.
- Considering that Mrs L had told Salary Finance the purpose of the loan was for debt consolidation, it wasn't unreasonable of the firm to think that the credit would serve to improve her overall financial position.

Mrs L disagreed. She reiterated her view that Salary Finance hadn't conducted extensive enough checks in the circumstances. Mrs L highlighted aspects like her overdraft usage, her use of other credit and gambling; all of which, she says, was visible on her bank statements. Mrs L said that Salary Finance ought to have reviewed such information and, if it had, it wouldn't – or shouldn't – have approved her application.

As no agreement has been reached, Mrs L's 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.

To put things simply, when making a lending decision, Salary Finance needed to make sure it didn't provide credit irresponsibly. In practice, what this means is that it needed to carry out proportionate checks to be able to understand whether any lending was sustainable; Salary Finance had to do so with Mrs L's specific circumstances in mind before providing

any credit.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers, and what it does to verify that information – in the early stages of a lending relationship.

That said, we might think a lender needed to do more if, for example, a borrower's income was low, or the amount lent was high. Additionally, the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So, we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Here, for Mrs L, I can see Salary Finance asked her for details about what her income was – and it verified that information directly with her employer. Alongside that, Salary Finance used data from the Office for National Statistics ("ONS") to help establish Mrs L's expenditure; it checked Credit Reference Agency ("CRA") data too, so it could build a view of Mrs L's existing commitments and how she was managing them.

From what I've seen, the results of those checks showed no pressing cause for concern. Recorded CRA data suggested Mrs L was managing her existing commitments well, and the results of the affordability assessment – which included the cost of this loan – demonstrated she'd have enough disposable income to meet the repayments and unforeseen expenses. No County Court Judgments, Individual Voluntary Arrangements or other recent significant adverse information was recorded against Mrs L either. Overall then, I don't think the results of Salary Finance's checks ought to have given it particular cause for concern.

I'll say at this point that I know Mrs L's opinion is such that Salary Finance didn't go far enough to uncover the true position of her wider financial situation. The fact is, though, that Salary Finance was entitled to rely upon the results of the checks it carried out if proportionate to do so. And given there was no concerning data returned in the checks it carried out, I don't think it had reason to go further here.

Moreover, there are no fixed checks that businesses must complete when reviewing an application for credit. There's no requirement on a lender to review specific things such as bank statements, for example. So, I can't fairly say that Salary Finance was wrong to not run those sorts of checks here. There was no regulatory requirement to do so and, as I've said, I don't think the results of the checks it did carry out warranted further scrutiny of Mrs L's circumstances. Instead, Salary Finance was entitled to make a decision based on the information gathered as a result of its proportionate checks here.

Overall then, with all of that in mind, I'm satisfied that Salary Finance reasonably considered that Mrs L could afford the credit at the time. With no significant adverse information uncovered in its checks, a positive outcome from its affordability assessment, and reason to believe that a consolidation loan would actually serve to improve Mrs L's position, I don't think Salary Finance ought to have thought otherwise. So, while this will be disappointing for Mrs L, it follows that I don't think the credit was unfairly or irresponsibly provided.

In closing, and to be clear, I'm not saying that Mrs L wasn't – or isn't now – under financial pressure. It's just that here, in these circumstances, Salary Finance didn't discover that; and that's something I don't consider a failing, for the reasons I've explained. Primarily, as with

any complaint, the key point to remember is that it's only fair and reasonable for me to uphold a complaint in circumstances where I can conclude a business did something wrong. Here, I don't think Salary Finance could have known – or ought to have known – that this credit was, or would become, unaffordable at the time of lending. So, for the reasons I've already given, I can't fairly conclude that Salary Finance acted irresponsibly or otherwise treated Mrs L unfairly in relation to this matter; it follows that I don't uphold the complaint.

Finally, I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I don't uphold Mrs L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 24 March 2026.

Simon Louth
Ombudsman