

## **The complaint**

Mr B has complained that East End Fair Finance Limited trading as Fair Finance (“Fair Finance”) gave him a loan without carrying out sufficient affordability checks. Had better checks been made then Fair Finance would’ve seen he was overindebted on his credit cards and was using his overdraft.

## **What happened**

Mr B was granted one loan on 28 May 2025 for £1,000. However, there is an admin fee payable which meant Mr B only received £960. The loan was to be repaid through 12 monthly repayments of £150.98. The loan was repaid in August 2025.

Fair Finance didn’t uphold the complaint because it considered it had carried out checks to demonstrate the loan was affordable. Unhappy with this response, Mr B referred the complaint to the Financial Ombudsman.

The complaint was then reviewed by an Investigator, who didn’t uphold the complaint because they said Fair Finance had carried out proportionate checks which showed the lending was affordable. Mr B didn’t agree, saying the loan was unaffordable.

These points didn’t change the Investigator’s mind and so 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 short-term lending - including all the relevant rules, guidance and good industry practice - on our website.

Fair Finance had to assess the lending to check if Mr B could afford to pay back the amount he’d borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. Fair Finance’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 Mr B’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 Fair Finance should have done more to establish that any lending was sustainable for Mr B. These factors include:

- Mr B 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);
- Mr B 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);
- Mr B 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 Mr B. The Investigator didn't think this applied to Mr B's complaint and I would agree, as only one loan was granted.

Fair Finance was required to establish whether Mr B could *sustainably* repay the loan – not just whether he technically had enough money to make his repayments. Having enough money to make the repayments could of course be an indicator that Mr B was able to repay the loan sustainably. But it doesn't automatically follow that this is the case.

I've considered all the arguments, evidence and information provided in this context, and thought about what this means for Mr B's complaint.

Fair Finance took details of Mr B's income and expenditure and carried out a credit search before this loan was granted. It recorded Mr B worked full time and received a monthly salary of £2,500.

Fair Finance also made enquiries about his living costs and Mr B declared these came to £605 per month. Fair Finance didn't just rely on what it was told by Mr B – it used Office of National Statistics (ONS) data to check the accuracy of what Mr B declared. After carrying out this check it increased Mr B's monthly outgoings to £1,484 per month.

However, as part of the application process Mr B gave Fair Finance access to his bank account through open banking for the three months preceding the application and Fair Finance have provided a copy of the open banking report it received at this time.

The income Fair Finance could see being received into the account is broadly in line with what Mr B declared. In terms of outgoings, Fair Finance could see the transactions being made on the account, and there wasn't anything from what I can see that would've led Fair Finance to believe that the loan was unaffordable even if they had underestimated Mr B's outgoings by using the ONS data.

And while I've seen Mr B says that he was gambling at the time, the account Fair Finance had access to didn't show these sorts of transactions and for a first loan, it wouldn't have needed to have made further enquires with Mr B about whether he was gambling.

Mr B did occasionally use his overdraft but that alone wouldn't be a reason to uphold the complaint. Overall, the open banking report would've given Fair Finance confidence that the checks it carried out supported that the loan was affordable.

Fair Finance also carried out a credit search, and it has provided the Financial Ombudsman with a copy of the results it received from the credit reference agency and so I've reviewed these.

First Finance knew there hadn't been any defaults in the preceding 12 months but it was aware of a number of accounts that had defaulted between 2020 and 2022. Some of these had been satisfied but some still had outstanding balances.

But in my view Fair Finance wouldn't have been overly concerned by them bearing in mind the most recent one had been recorded over three years before the loan was approved. These defaults didn't indicate that at the time of the application that Mr B was having or indeed likely having financial difficulties.

There also wasn't anything contained within the credit search results that which would've prompted further checks or to have led Fair Finance to have declined the application. Mr B's active accounts had been generally repaid as expected.

This was Mr B's first application and Fair Finance conducted proportionate checks which showed the loan was affordable. In those circumstances, while Mr B will be disappointed by the outcome, I can't uphold his complaint for the reasons set out above.

Finally, I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Fair Finance lent irresponsibly to Mr B 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.

### **My final decision**

For the reasons I've set out above I am not upholding Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 4 March 2026.

Robert Walker  
**Ombudsman**