

## The complaint

Miss K complains that Valour Finance Limited trading as Savvy.co.uk (“Valour”) gave her loans without carrying out sufficient affordability checks. Had better checks been made Valour would’ve realised she was already in financial difficulties.

## What happened

A summary of Miss K’s borrowing can be found below.

| loan number | loan amount | agreement date | number of monthly instalments | Largest repayment per loan |
|-------------|-------------|----------------|-------------------------------|----------------------------|
| 1           | £300        | 04/01/2023     | 6                             | £100                       |
| 2           | £600        | 28/07/2023     | 8                             | £150                       |

Valour hasn’t provided the dates the above loan(s) were repaid. But Miss K has said that she owes Valour some money.

In response to Miss K’s complaint, Valour said it hadn’t made an error when it approved the loans. Unhappy with this response, Miss K referred the complaint to the Financial Ombudsman.

The referral was made outside of the 6-month time period however Valour gave its consent for the complaint to be reviewed. As such, an Investigator considered the merits of the complaint. The Investigator concluded Valour had made proportionate checks and so it hadn’t made an error when the loans were granted.

Miss K disagreed and in summary she said that she was vulnerable at the time and Valour didn’t take account of her financial circumstances. These comments didn’t change the Investigator’s mind and 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.

Firstly, Miss K said in response to the Investigator’s assessment Valour is harassing her to repay the debt – she says she’s received calls each day and she now wants this issue to be added to her complaint.

Unfortunately, I don’t think it would now be fair when no investigator has been conducted into what has happened. Therefore, if Miss K is unhappy with Valour’s conduct she will need to raise a separate complaint and then if unhappy with the outcome, subject to our jurisdiction – she can bring the matter to the Financial Ombudsman. As part of this decision, I am only considering Valour’s actions in relation to the granting of the loans.

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 K could afford to pay back the amounts 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 K'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 K. These factors include:

- Miss K 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 K 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 K 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 K. Miss K was only granted two loans and so I don't think there was an established pattern of repeat borrowing.

Valour was required to establish whether Miss K could sustainably repay the loans – 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 K was able to repay her loans sustainably. But it doesn't automatically follow that this is the case.

Miss K has explained how she was vulnerable at the time when these loans were granted – and I can see from all the supporting documentation she's provided that she's been through a very difficult time. I do hope things have improved for her. I've not laid out here everything that we've been told as I've not needed to in order to reach a fair outcome, and also to protect her privacy.

But it doesn't appear Valour was aware of her vulnerability at the time, and the checks that it did do – and what I come on to below wouldn't have indicated that she was vulnerable at the time. As such, Valour was entitled, within the regulations to believe that Miss K wasn't vulnerable or that her decision making may have been impaired.

## **Loan 1**

Valour took details of Miss K's income and expenditure as well as carrying out a credit search. Having reviewed the information it gathered, and the amount lent to Miss K, I am satisfied Valour carried out proportionate check before this loan was granted, and I've outlined my reasons for doing so below.

Valour says it conducted an income check which showed show it the amount of income Miss K received into her account in the preceding three months. Having carried out this check, it was satisfied Miss K's usual monthly income was around £2,800. This is a proportionate check for a first loan.

I've taken on board what Miss K says about her income being irregular at the time, but Valour was entitled to rely on the results of its cross check as well as what she had told it, which leads me on to what Miss K 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 employer and payment date, living situation and details of her income and expenditure. As a result of these checks, Valour believed Miss K's monthly outgoings came to £2,064.45 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 also entitled to rely on the results it was given as it didn't have anything to suggest the results were in anyway inaccurate considering the circumstances of the application and what Miss K had told it.

The credit file does show that in 2018 and 2019 Miss K encountered financial difficulties, because there were two defaults recorded – one in each year at this time. The credit card recorded in 2019 was settled a couple of months after the default. Given this adverse information had been reported at least four years before the loan was granted it would've been fair for Valour to have placed less weight on this because the recent repayment record showed no problems.

Indeed, of the active accounts Miss K had, all of them had been repaid as expected – Valour calculated ongoing monthly payments of around £446 and this seems to be about right given what I can see in the credit report.

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 K's application or to have prompted it to carry out further checks. There were no indicators she was reliant on debt or struggling to make her repayments as and when they become due.

Overall, I don't think Valour's checks given everything it did do needed to extend beyond what it did. As such, while the disposable income figure calculated by Valour may not have been an entirely accurate reflection of Miss K's actual financial position. As the checks it did do were proportionate – that is what I'd have expected it to do – and what it did do. As such, I am not upholding the complaint about loan 1.

## **Loan 2**

Valour carried out the same checks into Miss K's circumstances as it did before it lent the first loan. Miss K declared the same income for this loan as she did for loan 1. Valour again cross checked this. Miss K also declared similar monthly outgoings - this time following the checks Valour undertook it believed Miss K's outgoings were £2,078.70 per month.

Valour also checked Miss K's details with her on a phone call – again I've listened to the call and her answers are reasonable and are consistent with the information provided as part of her application.

The credit check results showed similar results of that at loan 1. There were no new defaults or any significant adverse payment information. I've looked at the way, Miss K had repaid her active accounts there wasn't anything from these results that would've led Valour to conclude she couldn't afford the second loan or that she was having wider financial difficulties – or indeed may have even been vulnerable.

Overall, for a second loan I'm satisfied that Valour carried out proportionate checks because it didn't just rely on what Miss K told it. Those checks demonstrated that Miss K would likely be in a position to afford the £150 per month payment. It therefore follows that I'm not able to uphold Miss K's complaint about this loan either.

Miss K has also said the interest rate on the loan is too high and excessive. The industry regulator implemented a cost cap for these types of loans. Simply put this means a lender can't collect more than 100% of the amount advanced. So, taking loan two as an example, the most Valour could collect from Miss K before it breached the cost cap would be £1,200.

I've noted the total cost of loan two – if payments were repaid as per the agreement – they would've resulted in a total to repay of the cost cap - £1,200. As such, the total amount she would now need to repay is £1,200 – less anything she's already paid. This total amount Valour is asking to be repaid is the maximum it said it would charge and there isn't a breach of the cost cap as such, so this isn't a reason to uphold the complaint.

I do understand how disappointing this outcome is for Miss K especially given her finances at the time – an outstanding balance does appear to be owed so I would remind Valour of its obligation to treat Miss K fairly and with forbearance.

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 K 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 K's complaint.

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

Robert Walker  
**Ombudsman**