

## The complaint

Mr W complains Fintern Ltd trading as Abound (Abound) failed to carry out thorough enough financial checks before it approved a loan for him.

## What happened

Mr W says Abound approved a loan of £14,000 in January 2025, but its affordability assessment relied on variable commission he earned, that wasn't guaranteed. Mr W says Abound overstated his income in its assessment and underestimated his outgoings, and it failed to carry out reasonable and proportionate financial checks and as a result he is now struggling to meet his monthly financial commitments.

Mr W wants Abound to refund all interest and charges, remove any negative markers from his credit file and pay him compensation for his distress.

Abound says before it approved the loan it carried out a comprehensive affordability assessment using information provided by Mr W in his application, alongside data from credit reference agencies (CRA's) and other recognised external sources and its own internal affordability modelling.

Abound says from this information alongside "open banking" it verified Mr W's average net monthly income for the previous six months being £4,966 per month and his essential expenditure at £1,718 per month, with his existing financial monthly commitments at £1,895. Abound says this showed Mr W had a net disposable income (NDI) of around £1,350 per month to meet the new loan commitment of £313 per month. Abound says the checks it carried out showed there was no adverse credit issues such as CCJ's, defaults, missed payments and all of Mr W's credit facilities were in good standing.

Abound says the loan was approved to clear some of Mr W's existing financial commitments and some months after the loan was approved Mr W took out further borrowing, which may be the reason for why Mr W is experiencing financial issues, but it wouldn't have known that at the time. Abound says it feels its checks were reasonable and proportionate and its decision to lend was fair.

Mr W wasn't happy with Abound's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says there are no set list of checks lenders like Abound must carry out but these should be customer focussed. The investigator says from what he had seen Abound had carried out comprehensive checks to understand Mr W's income and expenditure, and it wasn't unreasonable for Abound to use Mr W's average income for the previous six months to assess affordability. The investigator felt the level of NDI available was sufficient to meet living expenses and unexpected bills. The investigator pointed out Abound's checks had also shown he was managing his credit commitments well with no obvious signs of financial stress.

Overall the investigator felt Abound carried out reasonable and proportionate checks and

acted reasonably when it approved the loan.

Mr W didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final decision.

### **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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I was sorry to learn Mr W is now finding it difficult to meet his financial commitments and that must be a source of worry for him. When looking at this complaint I will consider if Abound failed to carry out reasonable and proportionate checks before it agreed a loan of £14,000 in January 2025.

Mr W's complaint centres around his view that Abound relied too heavily on the commission element of his salary when assessing the affordability of the loan it approved. Mr W says while the commission is genuine it isn't guaranteed, so Abound shouldn't have relied on this.

While I understand the points Mr W makes here I'm not fully persuaded by his argument and I will go on to explain why.

As the investigator has pointed out there are no set list of checks lenders like Abound must carry out before approving credit facilities, but these should be borrower focused taking into account the amount, type, term and cost of any borrowing. I should say here it's not for me to tell Abound what those checks must consist of, or from what sources those checks should come from.

From the information I have seen before Abound approved the loan it carried out a comprehensive credit and affordability assessment. Abound did this using data provided by Mr W in his application, information from CRA's and verified Mr W's income using industry standard open banking method, to gain an understanding of the income and expenditure passing through Mr W's bank account.

From this Abound verified Mr W's net monthly income for the previous six months was around £4,966 before any additional child benefit payments. It had also calculated Mr W's essential monthly expenses such as monthly household bills, rent/mortgage, groceries etc at £1,718. I can also see Abound calculated Mr W's monthly financial commitments being £1,895. This meant Mr W was left with a NDI of £1,353 per month to meet the new loan repayments of £313 per month and any unforeseen expenditure.

What I would say here is that it wasn't unreasonable for Abound to take an average monthly income for the past six months to gain an understanding of Mr W's true income and this was much in line with what Mr W had declared in his application for the loan. I'm also satisfied Abound used reasonable sources to understand Mr W's monthly expenses here and there was nothing on Mr W's credit file to suggest he was struggling financially, that might prompt further investigation.

What is important to say here is the purpose of the loan was to clear some of Mr W's existing debts including a loan and credit card. From the information provided to this service I can see the loan was used to do that, so it's fair to say that would have created further monthly savings and in all likelihood more than the cost of the new loan repayments.

So in fact I can't agree that Abound made Mr W's financial monthly commitments worse at the time, in fact arguably the new loan would have improved those outgoings. The fact Mr W chose to borrow further some months after Abound had approved the new loan, was a decision he took and so Abound can't be held responsible for that.

Mr W has made mention that he asked for the loan application to be withdrawn and I have seen his email and this follows a note from Abound stating the loan might be delayed due to technical difficulties. That said the following day Mr W telephoned Abound saying he couldn't sign the document due to online issues and could this be corrected suggesting he still wanted to go ahead with the new borrowing.

In fact it's worth mentioning since the loan was drawn all payments have been met on time and at no point has Mr W asked for a payment holiday or help due to any financial difficulties.

So taking everything into account I am satisfied the checks Abound carried out were reasonable and proportionate and its decision to lend was fair for the reasons I have already mentioned.

I've also considered whether Abound acted unfairly or unreasonably in some other way given what Mr W has complained about, including whether its relationship with him might have been unfair under s.140A Consumer Credit Act 1974. However, for the same reasons I have set out above, I've not seen anything that makes me think this was likely to have been the case.

While Mr W will be disappointed with my decision, I won't be asking anymore of Abound here.

### **My final decision**

My final decision is that I do not uphold this complaint.

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

Barry White  
**Ombudsman**