

## The complaint

Elfin Market Ltd provided Miss P with a loan in July 2022, and she says it was provided irresponsibly.

## What happened

Miss P complained about the lending decision below:

Date	Capital	APR
July 2022	£2,000	29.8%

Elfin Market looked into Miss P's complaint but didn't agree it had lent to her irresponsibly. Miss P remained unhappy, so brought her complaint to our service.

Our Investigator didn't think Elfin Market had provided enough evidence to conclude it had carried out reasonable and proportionate checks. But even if it had asked Miss P further questions, she felt it would have fairly concluded the loan was affordable.

Miss P disagreed with our Investigator and explained she was stuck in a cycle of borrowing which Elfin Market ought to have realised. Miss P asked for her complaint to be passed to an Ombudsman for a decision.

I issued my provisional decision on 16 December 2025 and explained I was minded to uphold this complaint. Both parties had until 6 January 2026 to provide their responses.

Miss P accepted my provisional decision, but Elfin Market didn't respond. As such my decision has remained the same.

## 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 considered everything, I'm upholding Miss P's complaint. I'll explain my reasoning below:

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website, and I've taken this into account in deciding Miss P's case.

I don't think the loan was provided fairly because:

- I don't think the checks Elfin Market did before providing the credit were reasonable and proportionate given the credit limit it offered and what it knew about Miss P's financial situation. That's because its credit checks showed Miss P had opened multiple accounts in the seven months prior to taking out the loan and had at least one missed payment in the three months prior.

- If Elfin Market had done proportionate checks, I think it's likely these would have shown it was unfair to provide the credit to Miss P. I've reviewed Miss P's statements for the three months prior to taking out the loan. This showed her average monthly income was just under £2,700 and average essential expenditure was just over £1,150. However, had additional questions been asked, Elfin ought to have realised she'd taken out a £10,000 loan in April 2022, and even after those funds were used to consolidate some of her debt, she was still spending around £1,430 on her existing credit commitments. This meant Miss P wouldn't have been left much – if any of a disposable income after her payments towards the Elfin Market loan. This alongside Miss P's frequent use of buy now, pay later products suggested she was becoming reliant on credit, and further borrowing would likely cause her harm.
- Based on the information Miss P provided about her circumstances at the time, I think Elfin Market should have realised Miss P was likely to be unable to sustainably repay what she was being lent.

This means I don't think Elfin Market should have given the loan to Miss P.

I've considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I'm awarding in this case, as set out below, results in fair compensation for Miss P in the circumstances of this complaint. I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

### **Putting things right**

As I don't think Elfin Market ought to have opened the account, I don't think it's fair for it to be able to charge any interest or charges under the credit agreement. But I think Miss P should pay back the amount she borrowed. Therefore, Elfin Market should:

Add up the total repayments Miss P has made and deduct these from the total amount of money Miss P received.

a) If this results in Miss P having paid more than she received, any overpayments should be refunded along with 8% simple interest per year\* (calculated from the date the overpayments were made until the date of settlement). † Elfin Market should also remove all adverse information regarding this account from Miss P's credit file.

b) If any capital balance remains outstanding, then Elfin Market should arrange an affordable and suitable payment plan with Miss P. Once Miss P has cleared the balance, any adverse information in relation to the account should be removed from her credit file.

† HM Revenue & Customs requires Elfin Market to take off tax from this interest. Elfin Market must give Miss P a certificate showing how much tax it's taken off if she asks for one.

### **My final decision**

My final decision is that I'm upholding Miss P's complaint and Elfin Market Ltd must put things right as I've set out above.

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

Sarrah Turay  
**Ombudsman**