

The complaint

Around April 2025, East End Fair Finance Limited trading as Fair Finance (Fair Finance) provided Mrs C with a loan of £600. It was a Fixed Sum loan agreement that had an APR rate of 320%, with interest and charges the total amount repayable was £990.90, repayable over nine months at £110.10 each month. Mrs C says the credit was provided irresponsibly.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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.

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 Mrs C's case.

I've decided the credit wasn't provided fairly because:

- I think the checks Fair Finance did before providing the credit were reasonable and proportionate given the amount offered and what they knew about Mrs C's financial situation. The information showed Mrs C should have had sufficient disposable income to afford the loan based on the income and expenditure she declared.
- But based on the information Fair Finance gathered and what they knew about Mrs C's circumstances, I think they should have realised Mrs C was unlikely to be able to sustainably repay what she was being lent.
- Fair Finance's credit checks showed Mrs C was financially vulnerable. She'd a history of failing to meet her repayment commitments with a pattern of behavior where she took out a credit facility managed a few payments before falling into arrears, defaulting or seeking an arrangement to pay.
- Mrs C had three defaults recorded on her credit history in the preceding 12 months; all had been for relatively small loans. Mrs C settled the remaining small balance for each of the loans shortly before the new lending, around January 2025. But I can also see Mrs C was in arrears or in a payment arrangement with several of her other creditors. She was persistently using around 95% or more of her arranged overdraft. And was fully using or over the limit with her credit cards. Mrs C had also taken out another loan for £300 around April 2025 that Fair Finance were aware of, which I think shows she was in financial need.
- Fair Finance had sufficient information that showed Mrs C was reliant on credit and struggling to manage her existing credit commitments. So, I don't agree with their assertion that the checks showed the loan was unlikely to cause her harm. I consider

the information suggested the opposite.

This means I don't think Fair Finance should have provided the loan to Mrs C.

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 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 Mrs C's case.

Putting things right

As I don't think Fair Finance ought to have lent to Mrs C, I don't think it's fair for them to be able to charge any interest or charges under the credit agreement. But I think Mrs C should pay back what she borrowed. So, Fair Finance should:

Add up the total repayments Mrs C has made and deduct these from the total amount of money she received.

a) If this results in Mrs C having paid more than she received, any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement). † Fair Finance should also remove all adverse information regarding this account from Mrs C's credit file.

b) If any capital balance remains outstanding, then Fair Finance should arrange an affordable and suitable payment plan with Mrs C. Once she's cleared the balance, any adverse information in relation to the account should be removed from her credit file.

† HM Revenue & Customs requires East End Fair Finance Limited trading as Fair Finance to take off tax from this interest. East End Fair Finance Limited trading as Fair Finance must give Mrs C a certificate showing how much tax they've taken off if she asks for one.

My final decision

My final decision is that I'm upholding this complaint and East End Fair Finance Limited trading as Fair Finance must put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 23 March 2026.

Anne Scarr
Ombudsman