

The complaint

Mr N complains that ONMO Limited (ONMO) acted irresponsibly when they agreed to lend to him.

What happened

In October 2024, Mr N successfully applied for a credit card with ONMO with an initial credit limit of £2,000 and an APR of 28.5%. In March 2025, the credit limit was increased to £4,000.

In June 2025, Mr N complained to ONMO that this account was not affordable and the decision to lend was irresponsible. Mr N says he was already facing financial hardship when the card was first provided, with several loans and credit cards. He says he was not working when the limit was increased, and checks done at the time were not sufficient. Although the account is now on hold, he says he is still being asked to make repayments and is being charged interest and late fees.

ONMO responded to Mr N's complaint that they consider they'd carried out proportionate checks during the account opening and credit limit increase, which they thought showed the lending was affordable.

Mr N wasn't happy with ONMO's response and referred his complaint to us. Our investigator said the checks carried out by ONMO were reasonable and proportionate in the circumstances, and that both the initial lending and subsequent credit limit increase were given fairly.

ONMO didn't dispute this position, but Mr N did. In summary he said that he was receiving universal credit at the time of the credit limit increase and so the lending was not affordable. Mr N asked for an ombudsman to decide on the matter. 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.

While Mr N has provided detailed evidence of his complaint, and whilst I've considered all the available information, I've not reflected every point that has been raised. No discourtesy is intended here, this is merely to reflect my informal role in deciding a fair and reasonable outcome. So, I've focused on what I think are the key issues of the complaint. If there is something I haven't mentioned, it isn't because I've ignored it. I have also only considered matters that occurred before the final response letter from ONMO was issued, in line with the rules this service must follow.

I've considered what both parties have said about Mr N's lending with ONMO. Having carefully considered everything, I think that ONMO acted fairly and reasonably.

The relevant rules, regulations, and guidance at the time of ONMO's lending decisions required them to carry out proportionate checks. While there isn't a defined list of checks a lender needs to carry out, such checks should be proportionate, considering things like the type, amount, duration and total cost of the credit, as well as the borrower's individual circumstances. These checks needed to assess Mr N's ability to afford the credit being approved and to be able to repay it sustainably, without causing him financial difficulties or harm.

It isn't sufficient for ONMO to just complete proportionate checks, they must also consider the information obtained from these checks to make fair lending decisions. I've considered the checks ONMO did and what they found from these checks.

When Mr N's account was first opened in October 2024, ONMO reviewed the declared salary and expenditure information provided in the application. They reviewed Credit Reference Agency (CRA) data to understand Mr N's credit commitments and verify his income and expenditure as well as completing affordability assessments of their own.

Mr N said in his application that his annual income was £35,000, his monthly housing costs were £700, other living costs were £50 and existing credit commitments were £300 per month. ONMO used CRA data to verify Mr N's net monthly income, which was found to be £2,275. ONMO conducted their own affordability calculations, using a stricter affordability assessment they included a £100 buffer and utilised a higher amount of £380 for living costs and £512 for credit commitments. With this in mind, they found that Mr N would have around £583 of remaining disposable income.

Checks of Mr N's credit file showed that there were no bankruptcies, County Court Judgments (CCJs), or defaults within six months, and no current arrears at the time of the application with no accounts over utilised. Considering Mr N's credit file information, estimated disposable income and the level of credit being offered, I think that these checks were reasonable and proportionate in the circumstances.

I also have to consider if, based on the information within these checks, the information was considered fairly. Considering the information available on Mr N's credit file, the estimated level of disposable income and level of credit, I think that it was fair for ONMO to find that the lending was likely to be affordable and sustainable. So, I think that ONMO have made a fair decision to lend in these circumstances.

Prior to the credit limit increase to £4,000 that took place around five months later, ONMO utilised affordability calculations, CRA data and Mr N's account management history in order to determine if this increase was affordable. Credit file information at this time showed that Mr N did not have any missed or late payments and his accounts were managed well. There were no bankruptcies, CCJs or defaults within the past 12 months. They also found that Mr N's existing account with ONMO was being managed well and he was regularly paying amounts well above the minimum monthly required payments. There were some cash advances prior to this, but on their own, I think it's fair that these would not have prompted ONMO to do further checks.

ONMO used CRA data to complete an affordability assessment. While Mr N had declared an annual income of £35,000 in October of the previous year, verification of Mr N's income using current account turnover estimates leading up to the increase found his monthly income to be around £2,275. ONMO's checks found Mr N had existing credit commitments of £644, a cost of living of £469 and housing cost of £501. After including a buffer, this left £588 of estimated disposable income remaining.

Based on the circumstances of this complaint, including the level of remaining estimated disposable income, the credit file history and payments made on Mr N's existing credit with ONMO, I'm satisfied that the checks done were sufficient, being reasonable and proportionate in the circumstances.

I also have to consider if, based on the information within these checks, the information was considered fairly to make a lending decision that was fair and reasonable.

I'm satisfied that there were sufficient funds available for this to be affordable and there was nothing within these checks that indicated that Mr N would not be able to sustainably repay this credit were it to be fully utilised.

Mr N said that the monthly net income figure of £2,275 was not accurate as he began receiving universal credit in March 2025 after losing his job at the end of January 2025. His income was therefore lower than what it had previously been. ONMO hadn't been told of Mr N's change in circumstances prior to the increase and I don't think there was anything on Mr N's account or in the information they obtained to flag that Mr N may not have been able to afford this increased limit. Due to the proximity of the job loss and the credit increase, unfortunately the financial impacts on Mr N were not yet evident. It had also been a relatively short duration since Mr N had declared his income and expenses, so I wouldn't have expected them to go further given the significant overpayments to the account.

I think it was reasonable that ONMO relied upon the information provided in the application, supplemented by verification through CRA data which formed part of what I thought were reasonable and proportionate checks in the circumstances. Based on the circumstances of this case, I think that ONMO made a fair lending decision in increasing the limit on Mr N's card to £4,000 at this time.

Separately, while I'm not upholding the complaint, I do want to remind ONMO of their obligations to exercise forbearance moving forward. I would certainly encourage Mr N to keep in regular contact with ONMO about difficulties he's facing with the facility. I can see that our investigator has referred Mr N to organisations that can offer support and advice.

In reaching my conclusions, I've also considered whether the lending relationship between Mr N and ONMO might have been unfair to Mr N under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that ONMO did not lend irresponsibly when providing Mr N with the credit account or otherwise treat him unfairly in relation to this matter. And I haven't seen anything to suggest that Section 140A CCA would, given the facts of this complaint, lead to a different outcome here

.My final decision

For the reasons given above, I do not uphold this complaint against ONMO Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 17 March 2026.

Frances Kerslake
Ombudsman