

## The complaint

Mr E has complained that Western Circle Ltd trading as Cashfloat (“Cashfloat”) gave him loans without carrying out sufficient affordability checks.

## What happened

A summary of Mr E’s borrowing can be found in the table below.

loan number	loan amount	agreement date	repayment date	number of monthly instalments	largest instalment amount
1	£300	13/07/2021	27/08/2021	3	£140.80
2	£400	12/12/2021	08/01/2022	5	£139.85
3	£300	13/04/2022	04/05/2022	4	£152.80
gap in lending					
4	£700	07/11/2022	12/09/2023	7	£185.15
gap in lending					
5	£400	08/04/2024	24/04/2024	5	£143.50
6	£400	05/05/2024	07/06/2024	5	£144.60
7	£400	13/06/2024	26/07/2024	5	£137.70

Cashfloat partly upheld Mr E’s complaint – it agreed loans 1, 2, 3 and 7 shouldn’t have been granted. It didn’t uphold Mr E’s complaint about loans 4 – 6. Mr E was unhappy with this offer and instead referred his complaint to the Financial Ombudsman.

The complaint was then reviewed by an Investigator, who didn’t review loans 1 – 3 or loan 7 as an offer had been made. And she thought that Cashfloat hadn’t made an error when it approved loans 4 to 6. Mr E didn’t agree with the reasons why loans 4 to 6 weren’t upheld and I’ve summarised his responses below.

- There was no mention of what fair compensation should be for loans 1 – 3 and loan 7.
- Mr E’s credit report showed multiple missed payments at around the time the loans were approved.
- Mr E provided copy bank statements which showed gambling transactions and other loans he was taking.
- Mr E also provided a copy of his credit file and screen shots showing repayment problems around the time of loan 4.

These points didn’t change the Investigator’s mind and 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.

We've set out our general approach to complaints about short-term lending - including all the relevant rules, guidance and good industry practice - on our website.

Cashfloat had to assess the lending to check if Mr E could afford to pay back the amounts he'd borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. Cashfloat'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 Mr E'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 Cashfloat should have done more to establish that any lending was sustainable for Mr E. These factors include:

- Mr E 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);
- Mr E 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);
- Mr E 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 Mr E. The investigator didn't think this applied to Mr E's complaint and I would agree, given the number of loans and the gaps in lending.

Cashfloat was required to establish whether Mr E could *sustainably* repay the loans – not just whether he technically had enough money to make his repayments. Having enough money to make the repayments could of course be an indicator that Mr E was able to repay the loans sustainably. But it doesn't automatically follow that this is the case.

I've considered all the arguments, evidence and information provided in this context, and thought about what this means for Mr E's complaint.

### **Loans 1 – 3 and Loan 7**

Following Mr E's complaint Cashfloat accepted that these loans ought to not have been granted and it offered a refund to Mr E which appears to be in line with the approach taken by the Financial Ombudsman had we upheld the complaint about these loans.

As Cashfloat has upheld these loans they are no longer in dispute and so I say no more about them. But I have set out at the end of this decision what Cashfloat needs to do and what it has already agreed to do to put things right for Mr E in relation to these loans.

### **Loan 4**

This was the first loan in just over six months. What this means for Cashfloat's checks is that it could've treated Mr E's application afresh and as if he was a new customer. Although this was his fourth loan in total, for the purposes of its assessment, Cashfloat could've treated Mr E's application as if it was the first loan of a new chain.

Cashfloat took details of Mr E's income and expenditure and carried out a credit search before this loan was granted. It recorded Mr E worked full time and received a monthly salary of £1,958.

Cashfloat didn't just rely on what Mr E declared instead it cross checked the information using a tool provided by a credit reference agency. This is permitted within the regulations and for a first loan in a new chain it was reasonable for Cashfloat to have used such a tool. No changes were made to the income – indicated that what Mr E had provided was likely accurate.

Cashfloat also made enquiries about his living costs – including credit commitments, rent and other costs. Mr E declared these to be £540 per month. Cashfloat says it assessed Mr E's monthly expenditure using what it calls "*trigger values*" – taken from a well-known debt charity and these values take account of an applicant's job, location, homeowner status, to name a few factors. It also used Mr E's credit file to check the accuracy of his declared monthly credit commitments. It wasn't a case that Cashfloat just accepted what Mr E had told it.

Having used these trigger values, it estimated Mr E's monthly outgoings were more than he declared and were likely around £1,029 per month and to this it added a further buffer of £300. Even with this buffer and the monthly repayment Cashfloat could see the monthly repayments to Mr E were affordable.

Some of Mr E's living costs – such as rent and utilities were perhaps a little smaller than I'd have expected. But, Mr E had declared he lived at home with parents and so he wouldn't have had the same sort of costs and bills as someone with either a mortgage or rent. It was entirely reasonable and proportionate for Cashfloat to have relied on the results of what Mr E declared as well as what it found out from its further checks.

Cashfloat also carried out a credit search, and it has provided the Financial Ombudsman with a copy of the results it received from the credit reference agency. It is worth saying here that Cashfloat didn't need to do a credit search let alone to a specific standard. What this does mean is that the information Cashfloat received from the credit reference agency could be different to what Mr E has provided to us in the credit report.

Firstly, there was some historic adverse credit file data. Cashfloat was told about a defaulted telecommunication account from 2018 that was being repaid. It was also told about an active County Court Judgement that had been in place since 2019. In my view, these were old enough that Cashfloat could've placed less weight on them as an indication that Mr E was having current financial difficulties.

Having looked at the rest of the credit file there are some recent missed payments on some accounts which may have indicated some problems. But I've weighed this up against that the purpose of these loans is to cover a temporary short fall in cash flow and so I think it was just about reasonable for Cashfloat to have approved this loan without carrying out any further verification into Mr E's circumstances.

Mr E has provided copy bank statements from around the time a number of these loans were approved, and he's said that Cashfloat ought to have considered these as part of the checks it carried out. I've considered this, but given what Cashfloat did know from what Mr E told it and from what it found out and considering this was the first loan of a new chain I think it would've been disproportionate of it to have gathered and reviewed his bank statements.

On balance, I think Cashfloat was just about entitled to believe that Mr E could afford to take on this loan and would be in a position to repay what he owed. As such, I am not upholding the complaint about this loan.

## **Loans 5 and 6**

There was then around an eight-month gap between Mr E repaying loan 4 and returning for loan 5. As with loan 4, this gap was big enough for Cashfloat to have in effect treated loan 5 as the first loan of a new chain. I've kept this in mind when thinking about the checks that Cashfloat carried out.

Cashfloat took details of Mr E's income and expenditure and carried out a credit search before these loans were granted. Mr E had declared his income had increased since loan 4 and for both of these loans he earned £3,333 per month. Cashfloat cross checked his earnings and I think that was proportionate for the start of a new lending chain.

Mr E also told Cashfloat that his monthly living costs were no more than £765 per month – this is what was declared for loan 6. Cashfloat then cross checked what it was told by using its trigger values and using information obtained from the credit reference agencies. These extra checks led Cashfloat to increase Mr E's living costs to around £1,000 per month. All of this information together showed Cashfloat that Mr E would be able to afford these loans.

The credit check results have also been provided by Cashfloat – the results were almost identical which isn't surprising given that these loans were approved fairly close together. Having looked at the results, there wasn't anything that would've led Cashfloat to either have declined the application or requested further information.

I also don't think it had yet reached the stage in the lending relationship nor was Cashfloat told anything that would've led it to carry out more in-depth checks and so while Mr E has provided his bank statements, I think it would've been disproportionate to have viewed these for this lending.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Cashfloat lent irresponsibly to Mr E or otherwise treated him 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.

Overall, Cashfloat in my view carried out a reasonable check which showed these loan to be affordable. I am therefore also not upholding Mr E's complaint about loans 5 and 6.

## **Putting things right**

In line with Cashfloat's final response letter, it should, if it hasn't already done so, do the following to put things right for Mr E in relation to loans 1 – 3 and loan 7 only.

- A. Cashfloat should add together the total of the repayments made by Mr E towards interest, fees and charges on these loans.
- B. It should calculate 8% simple interest\* on the individual payments made by Mr E which were considered as part of "A", calculated from the date Mr E originally made the payments, to the date the complaint is settled.
- C. Cashfloat should pay Mr E the total of "A" plus "B".
- D. Cashfloat will remove any adverse information it has recorded on Mr E's credit file in relation to loans 1 – 3 and loan 7.

\*HM Revenue & Customs requires you to deduct tax from this interest. Cashfloat should give Mr E a certificate showing how much tax it has deducted, if he asks for one.

### **My final decision**

Western Circle Ltd trading as Cashfloat has already made an offer to settle the complaint about loans 1 – 3 and loan 7 and I think this offer is fair in all the circumstances.

So, my decision is that Western Circle Ltd trading as Cashfloat should pay this offer if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 20 February 2026.

Robert Walker  
**Ombudsman**