

The complaint

Mr H is unhappy OAKBROOK FINANCE LIMITED trading as Oakbrook Loans provided him with two loans which were unaffordable.

What happened

Oakbrook provided Mr H with two loans:

- Loan one in October 2019 for £3,000. This was due to be repaid in 12 monthly instalments of around £275.
- Loan two in March 2025 for £8,500. This was due to be repaid in 60 monthly instalments of around £224.

Mr H made an irresponsible lending complaint in October 2025. He said affordability checks should have shown he couldn't repay the loan instalments.

Oakbrook didn't uphold Mr H's complaint, explaining the information they'd obtained at application and from the credit reference agencies ('CRA') supported these loans were affordable. So, Mr H brought his complaint to the Financial Ombudsman.

One of our investigators looked at Mr H's complaint but didn't find that Oakbrook had lent irresponsibly or that the loans were unaffordable.

Mr H disagreed with our investigator and provided a detailed income and expenditure summary supporting his complaint that he couldn't afford the loan instalments.

Because an agreement couldn't be reached, 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.

Having done so, I'm not upholding Mr H's complaint. I know this is likely to come as a disappointment to Mr H, so I'll explain the reasons for my decision.

The Financial Conduct Authority (FCA) sets out in a part of its handbook known as 'CONC' what lenders must do when deciding whether or not to lend to a consumer. In summary, a firm must consider a customer's ability to make repayments under the agreement without having to borrow further to meet repayments or default on other obligations, and without the repayments having a significant adverse impact on the customer's financial situation.

Fundamentally, a firm must carry out checks which are proportionate to the individual circumstances of each case.

I've kept all of this in mind when thinking about whether Oakbrook did what was needed before lending to Mr H.

Did Oakbrook carry out reasonable and proportionate checks?

Before approving the loan applications, Oakbrook:

- Asked Mr H what his income was and verified this using Current Account Turnover ('CATO') data
- Asked Mr H about his housing costs
- Estimated Mr H's essential living costs using statistical data
- Estimated Mr H's disposable income
- Checked his credit file

I'm satisfied the checks were proportionate in the circumstances given the credit Oakbrook offered and what they knew about Mr H's financial situation.

I appreciate what Mr H has told us about having multiple credit agreements at the time, which all required high repayment amounts. However, the checks carried out by Oakbrook didn't suggest he was struggling with his existing accounts, and I wouldn't consider this level of debt to be concerning in the context of Mr H's annual income.

Oakbrook verified Mr H's declared income and the regulations specifically allow a business to use statistical data to estimate an applicant's expenditure, so they didn't do anything wrong by using such data here. I appreciate Mr H feels Oakbrook should have carried out a more detailed review of his expenditure using his bank statements, but I haven't seen anything in the information Oakbrook obtained which ought to have prompted them to do further checks.

Did Oakbrook make fair lending decisions?

Just because I think the checks were proportionate based on Mr H's circumstances, it doesn't end there. I need to consider whether Oakbrook made fair decisions to lend.

Loan one

Oakbrook carried out a credit check which showed no recent adverse information. Two defaults had been recorded 33 months prior, but they appeared to have been satisfied and there had been no further issues with Mr H's accounts since. So, whilst this information suggested Mr H had previously been in financial difficulty, this didn't appear to be the case anymore.

He had around £6,100 external debt and appeared to be managing these accounts well, with no missed payments, underpayments or arrears in the months leading up to the loan application.

Oakbrook verified Mr H's monthly income of around £2,539 using CATO income verification, which is slightly less than the £45,000 income Mr H provided in his application. Mr H didn't provide any housing costs in his application, so Oakbrook used an average monthly amount of around £266. They relied on the CRA data to establish Mr H's monthly debt commitments of around 280. Finally, they estimated Mr H's monthly non-discretionary spending to be around £488.

Based on these figures, and after factoring in the new loan repayment, Mr H was left with around £1,228 per month. So, I'm persuaded Oakbrook didn't act unfairly when they granted the loan to Mr H, as the information they obtained suggested that it would be sustainably affordable.

Loan two

Oakbrook's credit check showed no adverse information. Mr H's external debt had increased to around £30,700, which is fairly high compared to his declared income, but he appeared to be managing these accounts well, with no missed payments, underpayments or arrears in the months leading up to the loan application.

Oakbrook verified Mr H's monthly income of around £3,865 using CATO income verification, which is slightly less than the £65,000 annual income Mr H provided in his application. Mr H declared housing costs of £350 in his application and Oakbrook relied on the credit check to establish his monthly debt commitments of around £1,908. Finally, they estimated Mr H's monthly non-discretionary spending to be around £664 and added an inflation buffer of around £111.

Based on these figures, and after factoring in the new loan repayment, Mr H was left with around £607 per month. So, I'm persuaded Oakbrook didn't act unfairly when they granted the loan to Mr H, as the information they obtained suggested that it would be sustainably affordable. It also supports that, even though Mr H's monthly payments to existing creditors represented a significant portion of his income, this wouldn't have appeared to cause him financial difficulties.

I thank Mr H for taking the time to provide a detailed income and expenditure assessment. And it appears from this that his financial situation may have been worse than what Oakbrook found in their checks. But I hope my decision has gone some way to explain why I don't think Oakbrook's checks needed to go further than they did and why I don't think they would have been aware of his wider financial difficulties.

Overall, having considered everything, I'm persuaded Oakbrook acted fairly and reasonably when agreeing to provide this loan to Mr H.

In reaching my conclusions, I've also considered whether the lending relationship between Oakbrook and Mr H might have been unfair to Mr H under Section 140A of the Consumer Credit Act 1974 ("Section 140A"). However, for the reasons I've already given, I don't think Oakbrook lent irresponsibly to Mr H or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons I've outlined above, I'm not upholding Mr H's complaint about OAKBROOK FINANCE LIMITED trading as Oakbrook Loans.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 16 March 2026.

Amelie Makris
Ombudsman