

Complaint

Mr R has complained about a loan Brent Shrine Credit Union Limited trading as My Community Bank (“MCB”) provided to him. He says that loan was unaffordable from the outset and placed him under significant and ongoing pressure.

Background

MCB provided Mr R with a loan for £15,000.00 in March 2023. This loan had an APR of 21.83% and had a 36-month term. This meant that the total amount to be repaid of £20,478.11, which included interest, fees and charges of £5,478.11, was due to be repaid in 35 monthly payments of £557.07 followed by a final payment clearing whatever was left on the remaining balance.

One of our investigators reviewed what Mr R and MCB had told us. And she thought that MCB hadn’t done anything wrong or treated Mr R unfairly. So she didn’t recommend that Mr R’s complaint be upheld.

Mr R disagreed and asked for an ombudsman to look at his complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr R’s complaint.

Having carefully considered everything, I’ve decided not to uphold Mr R’s complaint. I’ll explain why in a little more detail.

It’s important to note that Mr R’s agreement was unregulated and so MCB’s obligations aren’t exactly the same as those for most lenders. In particular, as it is a Credit Union, MCB’s specialist sourcebook is the Credit Unions sourcebook (“CREDS”) rather than the Consumer Credit Sourcebook (“CONC”) given it wasn’t carrying out a credit-related regulated activity when providing this loans to Mr R. This is important as while Mr R has referred to MCB having failed to comply with CONC, it is not a relevant consideration to my consideration of this complaint.

Nonetheless, as MCB is a firm authorised by the Financial Conduct Authority (“FCA”), I consider it fair and reasonable to expect MCB to have carried out reasonable enquiries into Mr R’s circumstances to check that he’d be able to make the payments to this loan. I’d also only expect it to have proceeded in the event that those reasonable enquiries demonstrated that Mr R could make the payments.

MCB says it agreed to Mr R’s application after he provided details of his income. It says it also carried out a credit check to assess Mr R’s existing indebtedness and used statistical data to get an idea of Mr R’s regular living expenses. In its view, this information showed

Mr R could afford to make the repayments he was committing to. Mr R says the repayments were unaffordable and placed him under significant and ongoing pressure.

I've carefully thought about what Mr R and MCB have said.

The first thing for me to say is that MCB not only asked Mr R for details about his income, it also carried out a credit check to assess Mr R's indebtedness. These searches did show that Mr R had some existing debts. But it looks like he was going to consolidate his existing borrowing into this loan.

I think that it could be argued that the level of Mr R's indebtedness, meant that MCB ought to have found out more about Mr R's actual living costs rather than relying on statistical data. Indeed, I note that this is accepted by MCB. However, I'm not persuaded that doing this would, in any event, have made a difference in this instance.

I say this because the information Mr R has provided, appears to show that when his identifiable committed regular living expenses (including his child maintenance commitments) are combined with what he would be paying to his credit commitments going forward, and then deducted from his income he would likely have the funds to be able to make the repayments due under this agreement.

As this was a first loan MCB was providing to Mr R, there wasn't a history of Mr R obtaining funds and then failing to consolidate debts elsewhere in the way he committed to either. So MCB was reasonably entitled to believe that Mr R would be left in a better position after being provided with this loan. This is especially as all of his existing commitments could be consolidated into this one loan.

I know that Mr R has said that if the bank statements he's now provided are considered and greater weight is placed on his account behaviour and cash flow patterns, it is clear that the loan was unaffordable for him. I'm not sure that I necessarily agreed with Mr R's analysis of his bank statements – particularly were he to have gone on to consolidate as he said he would.

In any event, and more importantly, I need to consider what MCB is likely to have learnt if it had found out more before it decided to lend. I don't think that a proportionate check would have extended into obtaining bank statements and I'm not persuaded that such checks would have extended into the sort of analysis that Mr R has now carried out either. I think MCB was reasonably entitled to consider the likely position had Mr R consolidated as he said he would and I'm satisfied such a check would more likely than not have shown the monthly payments to be affordable for Mr R.

Finally, in reaching my conclusions, I've also considered whether the lending relationship between MCB and Mr R might have been unfair to Mr R under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think that MCB irresponsibly lent to Mr R or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA if applied or anything else would, given the facts of this complaint, lead to a different outcome here.

So I'm not upholding this complaint. I appreciate this will be very disappointing for Mr R - particularly as he feels strongly about this complaint. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

Although I'm not upholding Mr R's complaint, I would remind MCB of the continuing expectation in relation to exercising forbearance and due consideration, given what Mr R has said about having difficulty making his payments.

I would also encourage Mr R to get in contact with and co-operate with any steps that may be needed to review what he might, if anything, be able to repay going forward should MCB wish to reconsider reducing what's owed. Mr R may be able to complain to us – subject to any jurisdiction concerns – should he be unhappy with MCB's actions going forward.

My final decision

For the reasons I've explained, I'm not upholding Mr R's complaint.

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

Jeshen Narayanan
Ombudsman