

The complaint

Mr W has complained that Hastings Financial Services Limited trading as Hastings Direct (Hastings) unfairly provided him with a loan.

What happened

In November 2020, Mr W entered into a finance agreement with Hastings for a loan to pay for some home improvements. The details of the loan are shown below.

Date	Amount of credit	Term	Monthly payment	Total repayable
November 2020	£20,000	60 months	£429.69	£25,781.40

In July 2025, Mr W complained to Hastings about the lending. In the complaint, Mr W said he didn't think Hastings had lent to him responsibly. He felt it had failed to undertake a reasonable assessment of his creditworthiness at the time of the lending because he had a significant amount of other credit and was a contractor, so his earnings were unstable. He feels that had Hastings completed the appropriate checks it would have found the lending was unsuitable for him.

Hastings looked into Mr W's complaint and issued a final response letter explaining it believed it had acted fairly when completing its checks. It said it had confirmed the agreement was affordable by gathering information from Mr W, verifying his income, making a reasonable allowance for essential expenditure using data from the Office for National Statistics (ONS), and checking the information the credit reference agencies held. Hastings has said based on the information it found, it believes its checks were proportionate and its decision to lend was fair.

Mr W didn't accept Hastings' response, so he referred his complaint to our service. One of our investigators looked into it, and based on the evidence available, our investigator said he didn't think Hastings' decision to lend was unfair.

Mr W didn't accept what our investigator said and asked for a final decision on the case. As no agreement could 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.

I think there are key questions I need to consider in order to decide what is fair and reasonable in this case:

- Did Hastings carry out reasonable and proportionate checks to satisfy itself that Mr W was able to sustainably repay the credit?
- If not, what would reasonable and proportionate checks have shown at the time?
- Did Hastings make a fair lending decision?

- Did Hastings act unfairly or unreasonably towards Mr W in some other way?

Hastings had to carry out reasonable and proportionate checks to satisfy itself that Mr W would be able to repay the credit sustainably. It's not just about Hastings assessing the likelihood of it being repaid, but it also had to consider the impact of the repayments on him.

There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments and the overall circumstances of the borrower.

Hastings has explained that it asked Mr W about his income and carried out a full credit search to get an understanding of his situation before it decided to lend to him. Hastings also said it assessed his essential expenditure using ONS data when assessing his creditworthiness. It's provided evidence for the checks it completed.

The regulations say that a lender should generally ask a customer about their income and independently verify this in some way. But they aren't specific about how this should be done. Looking at the evidence Hastings has provided, I can see that Mr W told Hastings he was employed full time, had been with the same employer for over 4 years and had an income of £60,000 a year. Hastings was able to successfully verify how much Mr W was earning through a credit reference agency, which is a reasonable way to check what Mr W said was true. So, I don't think there was anything here that meant it was necessary for Hastings to request pay slips or bank statements to verify this further.

The credit search showed Mr W didn't have any recent pay day loans, insolvency, defaults, CCJ's or arrears recorded. It did show that Mr W had a reasonable amount of other credit including a loan that was being repaid at £147 a month and just under £7,000 of outstanding revolving credit. However, the search showed that Mr W was managing repayments to this well, that he wasn't over reliant on credit and wasn't over indebted. So, I don't think there was anything here that suggested Mr W was struggling financially, or that Hastings needed to ask more questions in relation to this.

Hastings applied estimates for Mr W's regular living expenses using nationally recognised statistics based on national averages for someone in Mr W's circumstances. This is an approach it's allowed to take under the relevant lending rules. However, where there is other information that indicates a customer might be struggling, we may expect checks in relation to expenditure to go further. Having carefully considered the information gathered by Hastings, I can't see there were any signs that Mr W was in financial difficulties, or other information, that should have prompted it to do further or more detailed checks.

Hastings has provided the figures it used when accounting for Mr W's essential expenditure. I can see that once Mr W's current debt, repayments to this loan and other essential expenditure, were accounted for, he was left with over £1,500 disposable income a month. So, I can't see that on the information available to Hastings the agreement appeared to be unaffordable. It appears that Mr W would have been left with enough disposable income to cover any unexpected expenses, other living costs, and leisure activities. I can't see evidence of any information revealed by the checks, that meant Hastings were required to do more to establish Mr W's creditworthiness, such as reviewing bank statements.

Mr W has said that the fact he was a contractor meant his income wasn't stable and Hastings had a duty to do further checks. I appreciate Mr W didn't have his contract renewed shortly after taking this loan out and it took him some time to find alternative employment. I've no doubt this was a difficult time, but I'm not persuaded that Hastings should reasonably have known Mr W's employment was due to come to an end or that he was a contractor. I can see that Mr W declared that he was employed full time and had been working for the

same employer for 4 years and 7 months. Mr W has argued that this employer was his own company set up for the purposes of contracting. Having reviewed the information shared with Hastings I can't see that Mr W made Hastings aware that his circumstances were due to change or that he was a contractor or self-employed. The checks it completed showed that Mr W's income had matched or exceeded the amount he declared over the last 12 months. So, it was reasonable for Hastings to rely on this, and the information Mr W had supplied about his employment. Taking everything into account, I don't think it could reasonably have known Mr W's circumstances differed from those declared, or that it might need to find out more about how Mr W intended to support himself and repay the credit in the event of unemployment.

Based on what I've seen, I'm persuaded the checks Hastings completed were reasonable and proportionate to the amount and type of credit it went on to approve. And I'm satisfied the decision to approve the lending was reasonable based on the information Hastings obtained about Mr W's circumstances. I'm very sorry to disappoint Mr W but overall, I'm not persuaded that Hastings created unfairness in its relationship with him as a result of its decision to lend.

Based on the evidence available, I haven't seen anything to suggest that Hastings has treated Mr W unfairly in its decision to lend or in any other way.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. But overall, it's not clear enough to me that Hastings created unfairness in its relationship with Mr W by lending to him irresponsibly, or in the way it handled the account under the credit agreement. And I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here. I'm sorry to disappoint Mr W but for the reasons set out, I don't find that his relationship with Hastings was unfair, and I can't conclude Hastings treated Mr W unfairly in any other way based on what I've seen.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 21 April 2026.

Charlotte Roberts
Ombudsman