

The complaint

Mr P complains that Plata Finance Limited (“Plata”) provided credit to him irresponsibly and that this credit was unaffordable.

What happened

In June 2023 Mr P received a loan from Plata. It was for £20,000; for a 60-month term; with an APR of 29.7%; and with monthly payments of £602.25. Total payable £36,135.

Mr P complained to Plata. He said that it was irresponsible of them to provide him with the loan and it was unaffordable for him.

Plata looked into the complaint and issued a final response letter in December 2025. They thought in relation to the loan that they had carried out reasonable and proportionate checks to determine Mr P’s financial circumstances. They felt that the lending was sustainably affordable and they’d made a fair lending decision. Plata didn’t uphold the complaint.

Mr P didn’t accept Plata’s response and therefore referred his complaint to our service. He said specifically that appropriate checks had not been carried out.

One of our Investigators looked into it. He felt that the checks carried out by Plata were reasonable and proportionate and that approving the loan was fair. He didn’t recommend that the complaint be upheld.

Plata didn’t dispute this position but Mr P did. He said that his income as relied upon by Plata came from working extended hours; he had five dependants including one disabled child and his partner who was a carer; and he had multiple existing credit commitments. What had happened affected his mental wellbeing and put a strain on his family life. The Investigator didn’t change what he’d said.

Mr P asked for an Ombudsman’s decision. As 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.

Our approach to complaints about the irresponsible and unaffordable lending is set out in detail on our website. I’ve used this approach to help me decide Mr P’s complaint. For example, I’ve considered the relevant rules and guidance on responsible lending set out in the Financial Conduct Authority’s (“FCA”) Consumer Credit Sourcebook (“CONC”).

In summary, Plata needed to carry out reasonable and proportionate checks before providing the loan to Mr P to ensure they did not do so irresponsibly.

There is no set list of the checks Plata had to do. What constitutes a proportionate affordability check will depend upon a number of factors including, but not limited to, the amount, type and cost of the credit Mr P was seeking as well as his overall financial circumstances. I've kept all of this in mind when thinking about whether Plata did what they needed to do before providing the loan to Mr P.

Plata state that they conduct creditworthiness assessments prior to each decision to provide credit. They rely on a combination of credit reference agency ("CRA") data regarding income, other debt, and existing credit repayment commitments; information provided by the customer for example income; and statistical information from the Office for National Statistics ("ONS").

The applicable rules and guidance do not require a lender to see full evidence of expenditure in every case. Instead the lender has discretion about how they conduct checks to satisfy themselves that lending is affordable to applicants. This includes the consideration of statistical data where it is reasonable and proportionate to do so. I think that was the case here when the loan was granted for the reasons I'll give below.

When Mr P applied for this loan, he declared that he was in full time employment with a net monthly income of £3,992. Plata verified this through CRA checks. Mr P said that he was renting and had a partner and three dependants.

Plata went on to carry out an affordability assessment, again using information provided by Mr P and ONS data. He had declared monthly accommodation costs of £400. Mr P's assessed monthly expenditure comprised essential expenditure of £734.75 and existing credit commitments of £98.21. Plata also took into account the cost of the loan being £602.25. Overall they assessed his net monthly disposable income to be £2,156.79, being sufficient to meet the cost of the loan and to provide Mr P with ample disposable income.

Plata also examined Mr P's existing credit commitments. These totalled £1,403 against £3,200 of credit being available; so a utilisation of 43%. The credit search showed no defaults, arrears or cash advances in the previous three years; no payday loans; and no County Court Judgments ("CCJs") or bankruptcy. There were no signs of financial vulnerability. Mr P appeared to be managing his existing credit well.

Given the amount of the loan and the total sum repayable, I might have thought that the checks carried out by Plata to establish disposable income before granting the loan were not reasonable and proportionate. For example, I might have thought that they should have obtained payslips. Further that utilising ONS data on its own wasn't sufficient.

However, I am mindful here of the high level of net monthly disposable income even after taking the cost of the loan into account; the very low level of existing debt and its utilisation rate; and the lack of any signs of financial vulnerability. I think that Plata's checks were sufficient when trying to establish if the loan was affordable for Mr P, and I'm satisfied a fair decision to lend was made.

I have noted what Mr P has said about his mental wellbeing and the strain put on his family life. I am grateful to him for having drawn these points to our attention. However I don't think Plata should reasonably have been expected to be aware of them when they granted this loan. I've also noted what he's said regarding the hours he was working, but this isn't something I'd have expected Plata to ask about in any event. We know Plata verified Mr P's income using CRA tools, and as the income was what he declared, we wouldn't expect them to ask how many hours he was doing per week to achieve that.

I've also considered whether the relationship between Mr P and Plata might have been unfair to Mr P under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already given, I don't think Plata were irresponsible when they provided the loan to Mr P. Nor do I think they otherwise treated him unfairly in relation to this matter. Overall I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here so far as Plata is concerned.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 13 April 2026.

Richard Ellison
Ombudsman