

Complaint

Mr F has complained about a loan Hastings Financial Services Limited (“Hastings Direct”) provided to him. He says that the repayments to the loan were not affordable and so it was irresponsibly provided to him.

Background

Hastings Direct provided Mr F with a loan for £11,500.00 in October 2023. The total amount to be repaid of £16,770.91, which included interest, fees and charges of £5,270.91, was due to be repaid in 59 monthly instalments of around £279.54 followed by a final repayment which would clear the remaining balance.

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

Having carefully considered everything, I’m not upholding Mr F’s complaint. I’ll explain why in a little more detail.

Hastings Direct needed to take reasonable steps to ensure that it didn’t lend irresponsibly. In practice, what this means is that Hastings Direct needed to carry out proportionate checks to be able to understand whether Mr F could afford to make his repayments before providing this loan.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to provide loans to a customer irresponsibly.

Hastings Direct says it approved Mr F’s application after he provided details of his monthly income which it cross-checked against information on the amount of funds going into Mr F’s main bank account. It also carried out a credit search which showed Mr F’s existing

commitments were relatively well maintained at the time – insofar as it showed no recent adverse data.

In Hastings Direct's view all of the information it gathered showed that Mr F could afford to make the repayments he was committing to. On the other hand, Mr F has said he was already financially overstretched and couldn't afford this loan.

I've carefully thought about what Mr F and Hastings Direct have said.

As Hastings Direct asked Mr F about his income and expenditure and also carried out a credit check, it's clear that Hastings Direct did obtain a reasonable amount of information before it decided to proceed with Mr F's application.

Having looked at the credit check, it's clear that Mr F had some existing debts. However, while I accept that Mr F might not agree with this, I don't think that these were excessive in comparison to his income. And importantly there wasn't anything obvious – such as significant adverse credit markers – such as defaulted accounts or county court judgments ("CCJ") showing on this.

It's also worth noting that in his complaint, Mr F has said that he said he planned to use the funds from this loan to consolidate some of his existing debts. I don't know whether Mr F did use the funds for the purpose he stated. But I'm satisfied that the proceeds of this loan could have been used to clear some of Mr F's debts too.

Finally, as this was a first loan Hastings Direct was providing to Mr F, there wasn't a history of Mr F obtaining funds with it and then failing to consolidate debts elsewhere I don't think that Hastings Direct had any reason to believe that Mr F would be left in a worse position after being provided with this loan.

I accept that Mr F appears to be suggesting that his actual circumstances may not have been fully reflected either in the information he provided, or the information Hastings Direct obtained. I know that Mr F has said that this loan had a significant adverse impact on him and he has provided copies of bank statements which he says shows his actual financial position was worse than what Hastings Direct believed about his circumstances.

However, in circumstances where Mr F didn't have any significant adverse credit information recorded against him and Hastings Direct had no reason to suspect that the loan was unaffordable for him, I don't think that reasonable and proportionate checks would have extended into requesting bank statements from Mr F.

So while I accept that Mr F has argued that his bank statements show that he couldn't afford this loan, as Hastings Direct didn't have this information and I wouldn't reasonably expect it to have this information either, I don't think that this means his complaint should be upheld.

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

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

Overall and having considered everything, I'm satisfied that Hastings Direct didn't treat Mr F unfairly. It carried out reasonable and proportionate checks and as the information gathered

suggested that it was reasonable to lend, I don't think it was unfair for it to have done so. As this is the case, I'm not upholding Mr F's complaint. I appreciate this is likely to be very disappointing for Mr F. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 8 April 2026.

Jeshen Narayanan
Ombudsman