

The complaint

Mr B complains Savvy Loan Products Ltd trading as Tick Tock Loans (TTL) failed to carry out thorough enough financial checks before it approved a loan for him.

What happened

Mr B says TTL approved a high cost short term loan of £400 for him in July 2025. Mr B says this was at a time when he was already struggling financially and trapped in a cycle of debt. Mr B says if TTL had carried out a more thorough check of his finances, it would have seen he had previous defaults and had a gambling addiction which was clear from his bank statements.

Mr B says TTL's final response hasn't been supportive or taken into account his personal circumstances and its decision to lend has made his financial situation worse.

TTL says before approving the loan for Mr B it carried out affordability checks using credit reference agencies (CRA's), information detailed in Mr B's application and industry standard verification tools. TTL says its financial checks showed there were no issues such as delinquent or defaulted accounts opened in the past 12 months, CCJ's or bankruptcies and Mr B's credit report showed nothing but responsible borrowing and he was managing his monthly credit commitments well.

TTL says it upwardly adjusted the expenses Mr B had declared to a more realistic level and this still showed Mr B having a strong net disposable income to meet the new loan repayments. TTL feels its decision to lend was fair.

Mr B wasn't happy with TTL's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says there are no set list of checks lenders like TTL must complete but these should be borrower focused. The investigator says from the information he had seen TTL had carried out reasonable checks given the amount of the loan requested and from the credit file he had seen Mr B had been managing his financial affairs well. The investigator noted Mr B had unsecured debt of around £12,000 with one defaulted account in the last 12 months, albeit that had been satisfied shortly after.

The investigator accepted Mr B had experienced some financial difficulties in the past but recently his financial situation looked to be improving. The investigator says TTL's affordability assessment showed Mr B, after taking into account his rent and credit commitments, was left with around £1,000 per month for general living expenses and utility bills, which he felt showed there was sufficient headroom to meet the new loan repayments.

The investigator concluded TTL's decision to lend was fair.

Mr B didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final decision.

I sent both sides a provisional decision, where I said:

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 don't fully agree with the investigator's view and I will be provisionally upholding this complaint and will explain how I have come to my decision.

I was sorry to learn Mr B is experiencing financial difficulties and this must be a source of worry for him. When looking at this complaint I will consider if TTL acted irresponsibly when it approved a loan for Mr B in July 2025.

Mr B's complaint centres around his view that TTL failed to carry out adequate financial checks before it approved a high interest loan of £400 for him in July 2025. Mr B maintains if TTL had done so, it would have seen he had a history of defaulted debt, a hardcore overdraft and a gambling addiction meaning any further debt would be damaging.

TTL says it lent responsibly and Mr B's credit reports demonstrated "it showed nothing but responsible borrowing and he had paid all of his credit commitments on time." Additionally TTL says Mr B was managing his monthly credit commitments well.

While I understand the points TTL make here, I'm not fully persuaded by its argument and I will go on to explain why.

As the investigator has pointed out there are no set list of checks lenders like TTL must carry out before approving credit facilities, but these should be borrower focused taking into account the amount, type, term and cost of any borrowing. So while I wouldn't expect in these circumstances, given the amount of the loan approved, for TTL to undertake the same level of intensive financial due diligence one might expect to see for say a larger committed long term loan, what is important is when negative financial data is obvious, as I believe it was here, that further investigation is carried out.

I say this because while TTL suggests there was nothing but responsible borrowing showing on Mr B's credit file, that wasn't actually the case here. Having seen Mr B's credit file provided by TTL, apart from the fact it was clear his overdraft was hardcore, it also showed a history of defaulted accounts.

More concerning perhaps is while the defaults were registered some time before the borrowing was approved, two debts totalling around £6,000 were still outstanding as defaulted or default status unknown, with no obvious repayment plan in place. These debts made up around 50% of all of Mr B's outstanding credit commitments. The credit file also showed Mr B had entered into a payment arrangement on a pay day loan in May 2025 which would also have been visible to TTL at the time it approved the loan. So it's fair say there was additionally recent evidence of potential financial stress.

So with that in mind, while TTL did carry out reasonable financial checks as the investigator suggests, it's one thing to do that, but when signs of financial stress are evident as I believe they were here, lenders like TTL should take a step back and consider if more lending is suitable and sustainable and I'm not convinced it did that here. I would say simply because a loan is for a reasonably modest sum like it was here, that doesn't mean that this couldn't contribute to further financial harm and as it turns out Mr B only made one payment on the loan before he got into difficulties meeting the payments - as he had done in the past.

The most common route lenders tend to take to satisfy itself the borrower isn't over committed, is for it at the very least to question the issues identified and/or to obtain say

three months bank statements for further affordability checks – but TTL did neither here as far as I can see.

If it had I am satisfied, in all probability, it would have seen Mr B wasn't in control of his financial situation and it would have also evidenced potentially harmful spending patterns, not conducive to further high cost lending.

With that in mind I don't agree that TTL's decision to lend was fair for the reasons I have already explained.

I propose TTL refund all interest and charges on the loan account and if a balance remains it agrees a suitable repayment plan with Mr B.

I've also considered whether TTL acted unfairly or unreasonably in some other way given what Mr B has complained about, including whether its relationship with him might have been unfair under s.140A Consumer Credit Act 1974. However, because I am upholding this complaint for the reasons I have already explained, I don't think I need to make a finding on this. I believe the redress I have suggested results in fair compensation for Mr B in the circumstances of his complaint.

While TTL will be disappointed with my provisional decision, I feel this is a fair outcome here.

Both Mr B and TTL responded to my provisional decision, so the case had been passed back to me to make a final decision.

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 gave both Mr B and TTL until 12 March 2026 to accept or reject my provisional decision. Mr B accepted my provisional decision, but TTL did not agree and I will now address the points it has made.

TTL concluded that the adverse credit markers were historic rather than recent, the credit report didn't show any CCJ's or recent defaults. Additionally its affordability assessment at the time indicated substantial disposable income and the loan amount was modest, relative to Mr B's declared financial position. TTL maintain its lending decision was reasonable and proportionate.

While I understand the points TTL make here, I remain unconvinced by those arguments and I will explain why. TTL says its lending decision was reasonable and proportionate and Mr B's income indicated it was clearly affordable, so given the amount lent here the checks it carried out were sufficient.

Although I agree that there would be a limit to the amount of financial data I would expect TTL to gather before approving a loan of this size, what is important is when negative data is shown on even limited data, TTL should ensure this is fully considered and acted upon – but I can't see it did that here.

It's fair to say simply because a loan is for a fairly modest sum, that shouldn't mean lenders take a less thorough understanding of any negative data it sees. Here despite what TTL have said, from the information I have seen, there was a recent payment arrangement in place for a modest payday loan in May 2025, just two months prior to this new loan being approved.

So it's reasonable to say if Mr B was having issues with a modest amount of debt fairly recently, that should have been a red flag to TTL, and something to investigate further.

This of course wasn't the only issue and as I mentioned in my provisional decision, around 50% of Mr B's external debt was made up of two defaulted loans that had no clear payment plan in place.

So in simple terms, what I am saying here is despite the fact TTL may lend to individuals with a less than perfect credit background, given the large amount of defaulted debt with no obvious current payment plan in place and the fact there were more recent signs of financial stress, it should have taken the opportunity to question these issues with Mr B – but it didn't.

If it had I'm satisfied this in all likelihood would have impacted on its decision to lend. In fact from the information I have seen Mr B only made one payment to loan before issues began, which seems to be a similar pattern to the other recent small debt he'd taken out before this loan was approved.

So with that in mind I see no reason to change or amend my provisional decision, and so my final decision remains the same.

Putting things right

I instruct Savvy Loan Products Ltd trading as Tick Tock Loans to rework the account removing all interest fees and charges that have been applied.

If the rework results in a credit balance, this should be refunded to Mr B along with 8% simple interest per year* calculated from the date of each overpayment to the date of settlement.

Savvy Loan Products Ltd trading as Tick Tock Loans should also remove all adverse information regarding this account from Mr B's credit file.

Or, if after the rework there is still an outstanding balance, Savvy Loan Products Ltd trading as Tick Tock Loans should arrange an affordable payment plan with Mr B for the remaining amount taking back the debt if sold to a third party.

Once Mr B has cleared the balance, any adverse information in relation to the account should be removed from his credit file.

*HM Revenue & Customs requires Savvy Loan Products Ltd trading as Tick Tock Loans to deduct tax from any award of interest. It must give Mr B a certificate showing how much tax has been taken off if he asks for one.

I would also ask Savvy Loan Products Ltd trading as Tick Tock Loans to provide Mr B with a full breakdown of the refunds it has made to his loan and details of the balance remaining if any.

My final decision

My final decision is that I uphold this complaint.

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

Barry White

Ombudsman