

The complaint

Mr B complains that My Finance Club Limited (“MFC”) lent to him irresponsibly.

What happened

Mr B took two loans of £250 each on 20 February 2025 and 29 April 2025. The nature of the products offered by MFC were designed to be repaid in one payment at the end of the short, agreed term. So, the £376 due for each loan as a total repayment was broken down as ‘Monthly Customer Contributions’ of £179, £179 and £18 (rounded figures) which were the sums MFC expected Mr B should save up in advance of the payment, given his stated income and expenditure.

Mr B repaid Loan 1 on 25 April 2025 – it was a 64 day term. Loan 2 was due to have been repaid in July 2025 and a recent statement of account sent to us shows that in January 2026 Mr B still owed MFC for Loan 2. In February 2026 we were informed Mr B had paid £50 so far. A repayment plan of £30 a month is in place until 25 April 2026.

After his complaint was submitted to MFC on 30 June 2025 and then had been referred to the Financial Ombudsman Service in January 2026, one of our investigators considered it and thought that MFC had not done anything wrong. Mr B disagreed and added:

- He conceded to us that MFC had relied on the financial information he had supplied on the application and that this information was not a proper reflection of his actual financial circumstances; and
- He was persistently using his overdraft, reliant on credit and experiencing financial difficulties. And the payments were not sustainable.

The unresolved complaint was passed to me to decide. The details of this complaint are well-known to both parties, so I won’t repeat them again here. Mr B has copies of the final response letter from MFC and the investigator’s view which both set out the figures so I do not repeat them here. The facts aren’t in dispute, so I’ll focus on giving the reasons for my 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.

We’ve set out our general approach to complaints about unaffordable or irresponsible lending on our website and I’ve taken this into account in deciding Mr B’s case. I’ve decided the credit was provided fairly because:

- I think the checks MFC did before providing the credit were reasonable and proportionate given the two £250 loans it offered and what it knew about Mr B’s financial situation.
- MFC’s checks showed that he earned £2,200 a month after tax. And it verified this by receiving a report from his bank which showed that Mr B’s declared income figure matched with credits into it. MFC used credit reference agencies and the electoral roll to check Mr B’s likely household overheads. MFC calculated that Mr B had enough

income left over each month with which to save his monthly contribution to repay the MFC loans.

- MFC obtained a credit history search for Mr B. I have reviewed its findings. Mr B did not have a great deal of outstanding debt and although he'd a history of defaulted accounts these were several years before – the most recent looked to have been defaulted accounts closed in March 2023. And so, to a lender such as MFC these likely would not have led it to think that either the loans ought or have been refused or that more checks were needed. The records showed that Mr B was using his overdraft when he applied for each of the loans. That, alone, would not have been a reason for MFC to refuse a loan.
- Mr B had no genuine issues with repayment of his recent or existing credit. And although Mr B says that MFC ought to have known more than it did, or ought to have found out more than Mr B had told it, this is not what the regulatory framework expects of a lender this early in the lending relationship. There would have been no reason for MFC to have considered that it ought to have asked for further financial evidence from Mr B and therefore it would not have seen Mr B's copy bank account statements which he says would have shown the true picture. And I don't consider that MFC did anything wrong by not asking him to see his bank statements.
- Based on the information MFC gathered and what it knew about Mr B's circumstances, there was nothing to suggest Mr B was likely to be unable to sustainably repay what he was being lent.
- I don't think MFC acted unfairly in any other way.

This means I don't think MFC did anything wrong when it provided the loans to Mr B.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think MFC lent irresponsibly to Mr B or otherwise treated him unfairly. 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 know this isn't the outcome Mr B hoped for. But for the reasons above, I'm not asking MFC to do anything to put things right.

My final decision

My final decision is that I'm not upholding Mr B's complaint about MFC. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 May 2026.

Rachael Williams
Ombudsman