

Complaint

Mr A complains that Creation Consumer Finance Limited (“Creation”) irresponsibly provided him with an unaffordable loan.

Background

Creation provided Mr A with a loan for £9,000.00 in May 2025. This loan was due to be repaid in 60 monthly instalments of £197.82.

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

Mr A 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 A’s complaint.

Having carefully considered everything, I’ve decided not to uphold Mr A’s complaint. I’ll explain why in a little more detail.

Creation needed to make sure that it didn’t lend irresponsibly. In practice, what this means is Creation needed to carry out proportionate checks to be able to understand whether Mr A could afford to repay 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 lend to a customer irresponsibly.

Creation provided Mr A with a loan for £9,000.00 in May 2025. This loan was due to be repaid in 60 instalments of around £200. Creation says it agreed to Mr A’s application after he provided details of his monthly income which it cross checked against the amount of funds Mr A received into his main bank account each month and some information on his expenditure.

It says it cross-checked this against information on a credit search it carried out and all of this information showed Mr A could afford to make the repayments he was committing to. On the other hand, Mr A has said the loan was unaffordable.

I've carefully thought about what Mr A and Creation have said.

The first thing for me to say is that the information provided does suggest Mr A was asked to provide some details regarding his income and Creation didn't just rely on what it was told as it carried out a credit search too. And although Mr A did have some existing debts, I don't think that this was excessive in comparison to his declared income.

Furthermore, the credit checks didn't show that Mr A had any recent significant adverse information such as defaulted accounts or county court judgments ("CCJ") recorded against him either. The information from the time shows that Mr A declared that he was employed and earning around £38,000.00 a year.

I accept that Mr A says the payments were unaffordable for him. I'm sorry to hear he had difficulty making his payments and that he's now contemplating an Individual Voluntary Arrangement ("IVA") However, the amount of Mr A's unsecured debt at the time was reasonable in comparison to his income and was being reasonably managed.

So I don't think that Creation had reason to conclude that Mr A's existing debt meant that this loan was unaffordable, that his circumstances at the time fell outside the profile of the average borrower and so it was unreasonable to use statistical data, or that it could have known Mr A's circumstances would deteriorate in the way that they did.

Furthermore, while there is an argument for saying that the amount of the monthly payment meant that Creation ought to have found out more about Mr A's non-mortgage living expenses, I don't think that Creation doing more to find out about Mr A's expenditure at the time, rather than relying on statistical data like it did, would have made a difference here.

I say this because the information Mr A has provided doesn't clearly show me that his committed non-credit and non-mortgage monthly expenditure was significantly higher than the estimates, which were based on statistical data, that Creation used. And even if I include all of his second charge lending commitments, as Creation appears to have done as a result of what showed on its credit checks, the loan payments still appear affordable. In these circumstances, I'm not in a position to say that Creation carrying out further checks would have resulted in it making a different decision on lending to Mr A.

As this is the case, I don't think that Creation did anything wrong when deciding to lend to Mr A - it arguably carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable. In any event, I'm satisfied that Creation carrying out further checks won't have stopped it from providing this loan to Mr A.

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

However, for the reasons I've explained, I don't think Creation irresponsibly lent to Mr A or otherwise treated him unfairly in relation to this matter. 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.

So overall I don't think that Creation treated Mr A unfairly or unreasonably when providing him with his loan. And I'm not upholding Mr A's complaint. I appreciate this will be very

disappointing for Mr A. But I hope that Mr A will understand the reasons for my final decision and that he'll at least feel his concerns have been listened to.

Although I'm not upholding Mr A's complaint, I would remind Creation of its continuing obligation to exercise forbearance and due consideration, given what Mr A has now said about having difficulty making his payments.

I would also encourage Mr A to get in contact with and co-operate with any steps that may be needed to review what he might, if anything, be able to repay going forward. Mr A may be able to complain to us – subject to any jurisdiction concerns – should he be unhappy with Creation's actions in relation to exercising forbearance over the remainder of the term.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 30 April 2026.

Jeshen Narayanan
Ombudsman