

## The complaint

Mr W complains that Plata Finance Limited irresponsibly lent to him.

## What happened

Mr W was approved for a Plata personal loan for £3,000 in August 2023, repayable over 36 months. Mr W says that this was irresponsibly lent to him. Mr W made a complaint to Plata, who did not uphold his complaint. Plata said he was creditworthy for a £3,000 loan over 36 months, but they did offer him a goodwill gesture that Mr W accepted. Mr W brought his complaint to our service.

Our investigator did not uphold Mr W's complaint. She said that Plata's checks were proportionate, and they made a fair lending decision. Mr W asked for an ombudsman to review his complaint. He made a number of points. In summary, he said that it wasn't reasonable for Plata to rely solely on information that he gave them as his income was closer to £1,800-£2,000 per month, and his outgoings were significantly higher than the outgoings used in their affordability assessment, as his outgoings exceeded his income even before he was approved for the loan.

Mr W said that he was regularly using his overdraft at the time, and he had other existing credit he was using. Mr W said that the fact he experienced financial difficulty relatively soon after the loan was approved, and he went on to take out further credit, supports that this lending was not sustainable.

## 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.

Firstly, I'm aware that I've only summarised Mr W's complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

Before agreeing to approve the credit available to Mr W, Plata needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Plata have done and whether I'm persuaded these checks were proportionate.

Plata said they completed a credit check with a Credit Reference Agency (CRA) and they used information that Mr W had provided before approving his application. The information showed that Mr W declared he was employed, and he declared a net monthly income of £2,318.

The CRA reported that although Mr W hadn't defaulted on any accounts in the 12 months, prior to these checks, he had defaulted on accounts in 2019. It may help to explain here that, while information like a default on someone's credit file may often mean they're not granted further credit – they don't automatically mean that a lender won't offer borrowing. So I've looked at what other checks Plata made to see if they made a fair lending decision.

The CRA that Plata used reported that Mr W had £5,595 of active unsecured debt. The checks showed Mr W had a £1,500 overdraft and he was using £963 of this. Using an overdraft in its own right does not automatically equate to further lending being unaffordable, as someone may choose to use their disposable income to pay for non-essential spending as opposed to reducing their overdraft limit.

Plata completed an affordability assessment which included a mixture of information that Mr W had given them, information from the CRA they used, and modelling, which is an industry standard way of estimating outgoings. The affordability assessment showed that Mr W should be able to afford sustainable repayments for the loan.

I've considered what Mr W has said about the income he declared to Plata, but his actual income being between £1,800-£2,000. It's not clear why Mr W would tell Plata incorrect information, but Plata did not just take his word for it. Plata were able to verify the credits entering his bank account using Current Account Turnover (CATO). So they did make a further check here.

So it would not be proportionate for Plata to have made further checks after they were able to verify the income declared by Mr W such as request bank statements, or payslips. Mr W was given the opportunity to declare his housing costs which he declared to be £150 a month, and as he declared he was living with parents, I'm persuaded that this monthly amount would not need verification. And they made further checks with his outgoings by using his monthly credit commitments, and using modelling to estimate his other outgoings.

So in the absence of any recent adverse credit, Mr W being within all of his credit limits/overdraft limits on his active accounts, and the healthy disposable income showing on the affordability assessment, I'm not persuaded that it would have been proportionate for Plata to have completed further checks based on the size of the loan and the monthly repayments.

I'm sorry to hear that Mr W got into financial difficulty after he took out this loan. But Mr W regularly paid his contractual repayment after the loan was approved. I'm aware that he contacted Plata in August 2025 to let them know there had been a change of hours at work, and the repayments weren't now affordable for him. But I can't fairly say that this would have been foreseeable to Plata two years earlier when they approved the loan for him in August 2023, or that he would take out further credit.

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 can't conclude that Plata lent irresponsibly to Mr W or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here. So it follows I don't require Plata to do anything further.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 20 May 2026.

Gregory Sloanes  
**Ombudsman**