

The complaint

Mr R complains that Oakbrook Finance Limited trading as Finio Loans lent irresponsibly when it approved his loan application.

What happened

Mr R applied for a loan of £4,500 plus interest with Oakbrook in April 2023. In his application, Mr R said he was employed with a net monthly income of £3,700. Finio used a tool provided by a credit reference agency that checks current account turnover (CATO) to verify the income figure Mr R gave. Mr R also said he was a homeowner with a mortgage.

A credit search was completed that found Mr R had existing unsecured debts totalling £7,800 with monthly repayments totalling around £372. No County Court Judgements (CCJs) or defaults were recorded and there were no payday loans. No recent arrears were noted.

Oakbrook completed an affordability assessment using Mr R's income of £3,700 and deductions of £640 for his mortgage, £527 as an estimate of his general living expenses, £372 for his existing credit commitments, an inflation buffer of £98 and the new loan instalment of £221.16. Finio says that left Mr R with a disposable income of around £1,840 after his new loan payments were met. Finio approved Mr R's loan application and funds were issued.

Mr R's explained that during this time he was suffering with a serious gambling problem and that the funds he borrowed from Finio were quickly lost. Mr R made payments for the first three months but after arrears grew on the account, Finio terminated the agreement and recorded a default on his credit file.

More recently, Mr R complained that Finio lent irresponsibly and it issued a final response. Finio said it completed the relevant lending checks before approving Mr R's application and didn't agree it lent irresponsibly.

An investigator at this service looked at Mr R's complaint. They thought Finio completed proportionate checks when looking at Mr R's application and that its decision to approve it was reasonable based on the information it obtained. The investigator wasn't persuaded Finio lent irresponsibly to Mr R and didn't uphold his complaint.

Mr R asked to appeal and said Finio's affordability assessment used estimates for his outgoings rather than reflecting his actual circumstances. Mr R also said the loan was large which should've led to additional checks. Mr R added that the disposable income figure reached by Finio was higher than the reality and provided bank statements for the period leading up to the application. As Mr R asked to appeal, his complaint has been passed to me to make a 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.

Before agreeing to lend, the rules say Finio had to complete reasonable and proportionate checks to ensure Mr R could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information Finio used when considering Mr R's application above. I can see Mr R confirmed he was working and his income level. Finio used CATO, which checks current account turnover, to verify the figure provided. Given the income figure Mr R gave was verified via a third party service, I'm satisfied it was reasonable for Finio to use it in the lending assessment.

A credit search found Mr R's mortgage and unsecured debts. Mr R's mortgage payments were factored into the affordability assessment. The credit file didn't show any adverse credit or recent missed payments. One of the debts Mr R was repaying related to a historic default that was over six years old, but I'm satisfied the monthly payments were factored into the lending assessment. Other unsecured debts totalling £7,800 with monthly repayments of £372 were also found. The accounts were all up to date and the credit file data shows Mr R was using around 35% of his existing credit limits. In my view, Mr R's existing debts were in line with his income and circumstances. I haven't seen information in the credit file results that I think should've led Finio to reach the view Mr R was already overcommitted or struggling to maintain his existing commitments.

The affordability assessment used a combination of figures provided by Mr R, from his credit file and estimates obtained from ONS data. In the application, Mr R confirmed his mortgage payment of £640 a month and also said his general living expenses were £478 a month in the application. Because the ONS data suggested a higher general living expense figure, Finio used £527 a month in its affordability calculations. Mr R's credit commitments of £372 were included in addition to an inflation buffer of £98 a month. After taking Mr R's income and outgoings into account, in addition to the new loan payment of £221.16, Finio calculated a disposable income of £1,840.

I understand Mr R was going through a particularly difficult time, but I haven't seen anything that would've suggested to Finio he wasn't in a stable financial position. I think Mr R's credit file indicated he was managing his existing debts well and wasn't overcommitted. I understand an estimate for Mr R's general living expenses was used but I'm satisfied that falls within the lending rules and was reasonable in the circumstances of his application. I note the figure used by Finio was slightly higher than the figure Mr R provided which indicates it was taking a considered approach.

The affordability assessment reached the position that Mr R had a reasonable disposable income after his existing outgoings were met that was more than sufficient to cover the new

loan payments. Taking all the available information together, I'm satisfied Finio completed proportionate checks and its decision to approve Mr R's loan was reasonable based on the information it obtained. I'm very sorry to disappoint Mr R but I haven't been persuaded that Finio lent irresponsibly.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974 which says a court may make an order under Section 140 if it determines a relationship between the creditor and the debtor is unfair. The consumer is the debtor and Section 140 defines the creditor as "the person to whom his rights and duties under the agreement have passed by assignment or operation of law."

Where a debt has been sold, (as it has in this case) it follows that the debt purchaser is now the creditor for the purpose of the credit agreement. So a claim about an unfair relationship can't be brought by the consumer against the original lender as they are no longer the creditor.

My final decision

My decision is that I don't uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 19 May 2026.

Marco Manente
Ombudsman