

The complaint

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

What happened

Mr C applied for a loan of £3,000 plus £2,019.60 of interest in July 2023. In his application, Mr C said he was employed with an annual income of £47,000 and a homeowner.

Finio completed a credit search and found Mr C had £646 of credit card debt outstanding. No other accounts with active balances were noted and no adverse credit or recent missed payments were recorded.

Finio used a service provided by a credit reference agency that monitors current account turnover (CATO) to verify Mr C's minimum income level. The CATO results confirmed a minimum net monthly income of £1,205 a month. An affordability assessment used a net monthly income of £1,205 a month and made deductions of £26 a month for Mr C's credit commitments, £573 for his general living expenses, £381 for mortgage costs, an inflation buffer of £88.94 and new loan instalment of £83.42. Based on the minimum net monthly income figure of £1,205 a month, Finio says there was a disposable income of £51. Finio approved Mr C's application and the loan funds were issued.

More recently, Mr C complained that Finio lent irresponsibly and it sent him a final response. Finio set out the nature of its lending checks and explained why it didn't agree it lent irresponsibly to Mr C.

Mr C's complaint was reviewed by an investigator at this service. Finio issued its file submission and explained the income figure used following the CATO check wasn't representative of Mr C's actual income but confirmed the minimum income required for his outgoings and new loan payments. Our investigator went on to ask Mr C for evidence to show his income at the time and was satisfied he was earning around £3,000 a month. The investigator thought that Finio's decision to approve Mr C's loan application was reasonable and didn't uphold his complaint.

Mr C asked to appeal and said he'd opened several other new loans around the same time which should've shown Finio he was vulnerable. Mr C also raised concerns about the CATO figure Finio used in the application. Mr C sent bank statements evidence that showed he was gambling heavily in the months before his application to Finio. As Mr C 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.

I've taken into account the regulator's rules and guidance on responsible lending (set out in its consumer credit handbook – CONC). Finio will be aware of these, and our approach to

this type of lending is set out on our website, so I won't refer to the regulations in detail here but will summarise them.

Before entering into a credit agreement, Finio needed to check that Mr C could afford to meet repayments out of their usual means, without having to borrow further and without experiencing financial difficulty or other adverse consequences. The checks needed to be proportionate to the nature of the credit (the amount borrowed or the term, for example) and to Mr C's circumstances.

My main considerations are whether Finio completed reasonable and proportionate checks when assessing Mr C's loan application. If not, what would reasonable and proportionate checks have shown

Finio has provided evidence to show the information it considered and lending checks completed. I can see there's discussion on the income figure used in the affordability assessment. Finio has explained it used a version of the CATO check that verifies whether a minimum income required to service the borrower's existing outgoings and new loan payment is available. Finio has confirmed its CATO check wasn't saying Mr C's income was £1,205 a month but that this was the minimum he would need. I've taken that comment on board but can see our investigator felt proportionate checks would've verified Mr C's actual income level. I think that's a reasonable argument.

With the above being said, Mr C's application information appeared positive to me. Mr C confirmed he was working and a homeowner. Mr C's mortgage payments were noted. Mr C's other unsecured debts were recorded as £676 with existing repayments of £26 a month. I understand Mr C's told us that his borrowing history would've shown that between March and May 2023 he was repeatedly borrowing funds and repaying them in a short space of time. But the credit file results take a snapshot of an account, normally on the statement date. Finio checked Mr C's repayment history, looked for adverse credit and took his outstanding balance at the point of application into account. That showed a low level of unsecured debt with no recent missed payments.

Mr C's also told us he applied for several new loans within the same month. I understand this will have impacted Mr C's circumstances and that overall repayments will have been higher as a result. But credit files aren't updated in real time and it normally takes between four and six weeks for new accounts to be reported. I'm satisfied that the loans Mr C told us he applied for around the same time as his Finio application weren't shown on the credit file obtained. I'm satisfied Finio wasn't aware Mr C had applied for other loans.

I can see our investigator thought Finio should've verified Mr C's income level. There were various options available at the time, including requesting payslips. Given the passage of time, I can see Mr C sent in bank statements to show his income. But I haven't seen anything on the application that means I would've expected Finio to request bank statements or complete an in depth review of Mr C's income and outgoings. I think it would've been proportionate to verify Mr C's net monthly income.

Mr C's net monthly income was around £3,000 a month in the months before his Finio loan application. I've used £3,000 in place of the £1,205 figure Finio's affordability assessment included. Taking Mr C's income of £3,000 and deduction £26 for his credit commitments, £381 for mortgage costs, £573 for general living expenses, £88 as an inflation buffer and £83.42 for the new loan instalment leaves a disposable income of around £1,850 month. I'm satisfied that would've been sufficient for Mr C to sustainably afford the new loan with Finio.

In my view, Finio would've still approved Mr C's loan application if it had verified his income level first. I'm sorry to disappoint Mr C but I haven't been persuaded Finio lent irresponsibly when it approved his application.

I understand Mr C feels Finio missed clear signs he was vulnerable due to gambling. I'd like to thank Mr C for explaining how the gambling issues have impacted him. But I need to consider whether there was information in the application that should've caused Finio to reach the view Mr C may've been vulnerable or needed additional support before the application was approved. But, as set out above, I'm satisfied the application appeared positive to Finio. Mr C had low unsecured debts, an up to date mortgage and the affordability calculations showed he was able to sustainably afford the repayments of £83.42 a month. I don't doubt what Mr C's told us about his gambling difficulties but I haven't been persuaded Finio missed signs he was vulnerable or treated him unfairly.

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. However, for the reasons I've already given, I don't think Finio lent irresponsibly to Mr C or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

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

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

Marco Manente
Ombudsman