

The complaint

Mr W complains that Oakbrook Finance Limited trading as Finio Loans irresponsibly lent to him.

What happened

Mr W was approved for a Finio loan in March 2025 for £5,000, with a monthly repayment of £293.43 over 24 months. Mr W says that Finio irresponsibly lent to him. Mr W made a complaint to Finio, who did not uphold his complaint. Finio said there was no evidence to suggest the loan was unaffordable for him. Mr W brought his complaint to our service.

Our investigator did not uphold Mr W's complaint. He said Finio's checks were proportionate, and they made a fair decision to lend. Mr W asked for an ombudsman to review his complaint. He made a number of points. In summary, he said that he remained concerned about the reliance Finio used with Current Account Turnover (CATO) to verify his income as this figure would be distorted with him moving funds between up to five different bank accounts to manage overdrafts and credit commitments. He said his actual guaranteed base salary at the time was around £4,000 per month as the higher figure included irregular quarterly bonuses and commission which were not guaranteed and variable.

Mr W said he already had significant debt, including four maxed out overdrafts of over £4,500, along with up to six maxed out credit cards, and other high cost short term loans. He said the £907.38 a month of credit commitments is a significant level of ongoing borrowing, so they should have completed further checks before approving the loan, which would have shown that his finances were already under considerable strain, and further borrowing would not be sustainable for him.

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 approve the credit available to Mr W, Finio 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 Finio have done and whether I'm persuaded these checks were proportionate.

I've looked at what checks Finio said they did when initially approving Mr W's application for the personal loan. The CRA reported that Mr W had no defaulted accounts, no County Court Judgement's (CCJs), no accounts in arrears at the time of the checks, and no accounts in arrears for the six months prior to the checks.

Mr W declared he was employed, declaring a gross annual income of £124,000. I've considered what Mr W has said about Finio not verifying this income via a bank statement.

But Finio do not have to speak to Mr W to make further checks. I say this because a Credit Reference Agency (CRA), were able to verify the income using Current Account Turnover (CATO), which is an industry standard way of verifying income without having to contact a potential borrower.

I can't see that Mr W explained to Finio prior to the loan being approved that his base salary wasn't as high as the income figure he declared. And it wouldn't be proportionate for Finio to expect that Mr W would declare non-guaranteed income unless he realistically thought he would earn this amount, otherwise this could be considered fraudulent. I want to make it clear that I don't think Mr W told Finio fraudulent information here, rather that he is making a point about potential flaws with CATO.

But ultimately, Finio did not just take Mr W's word for his income, they made a further check, and the results of the check supported what Mr W had told them. Finio calculated the net income to be £6,473.11 a month.

Mr W told Finio his housing costs were for £1,324 a month, and he didn't declare any other outgoings. But Finio did not just take Mr W's word for this, as they also used modelling, which is an industry standard way of estimating his essential living costs. And the CRA told them how much he was paying towards his monthly credit commitments. So, although Mr W may have had a number of other credit agreements at the time he applied for this account, Finio were aware how much the monthly credit commitments were and what he owed.

If Finio would have taken Mr W's word for how much his housing expenditure was each month, then they would only have £1,324 of housing expenditure for him. But the further checks suggested Mr W had £1,513.08 a month for housing expenditure, so Finio took the higher figures as part of the affordability assessment.

I'm persuaded that no further checks were needed here, such as viewing Mr W's bank statements. Mr W already had the opportunity to declare higher outgoings than the £1,324 a month he declared, therefore, Finio undertook a further check to see if modelling would show higher outgoings – which they did. But even with the higher outgoings, the disposable monthly income that was showing for Mr W shows that repayments should be sustainable and affordable for the loan repayments of £293.43 a month, without relying on further borrowing to repay this in a sustainable amount of time.

I say this because the monthly disposable income showing after the affordability assessment was £3,008.06, based on total outgoings of £3,464.97 (including the new Finio loan repayments). In addition to this, it appeared that Mr W wanted to consolidate his debt, so it would be reasonable to expect this would save Mr W the repayments on the debt he repaid with this loan. The loan amount was around 4% of Mr W's declared gross annual income.

Although Mr W has told us his overdrafts were maxed out and they were around £4,500, at the time the CRA reported his overdraft balances to Finio, they were showing as being £2,346 over five current accounts. His total active unsecured debt being reported by the CRA was £12,346, and there were no payday loans being reported by the CRA. Mr W's £12,346 of unsecured debt would have equated to less than 10% of his declared gross annual income, so it wouldn't appear that he was overindebted, even if he had a number of accounts.

And the £907.38 of monthly credit commitments would have been around 14% of the net monthly income calculated for someone who declared they earned £124,000 gross a year (22.7% if Mr W was earning £4,000 net per month). So it would not appear excessive.

So in the absence of any adverse information on Mr W's credit file, and the disposable

income showing after the affordability assessment, then I'm not persuaded it would have been proportionate for Finio to have contacted Mr W directly to ask him details about his income and outgoings, or to request evidence of this from something like a payslip or a bank statement, as this wouldn't be proportionate in the circumstances here. So I am persuaded that Finio's checks were proportionate here, and they made a fair lending decision.

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 Finio 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.

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 18 May 2026.

Gregory Sloanes
Ombudsman