

Complaint

Miss J has complained about a loan Plata Finance Limited (“Plata”) provided to her. She says the loan was unaffordable given her personal and financial circumstances and so shouldn’t have been provided.

Background

Plata provided Miss J with a loan for £7,500.00 in January 2025. This loan was due to be repaid in 36 monthly instalments of around £295. One of our investigators reviewed what Miss J and Plata had told us. And he didn’t recommend that Miss J’s complaint be upheld.

Miss J disagreed with the investigator and asked for an ombudsman’s review of her 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 Miss J’s complaint.

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

Plata needed to make sure that it didn’t lend irresponsibly. In practice, what this means is Plata needed to carry out proportionate checks to be able to understand whether Miss J 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.

Plata says it agreed to Miss J’s application after she provided details of her monthly income and some information on her expenditure. It says it cross-checked this against information on a credit search it carried out and all of this information showed Miss J could afford to make the repayments she was committing to. On the other hand, Miss J has said she shouldn’t have been lent to given her existing indebtedness and financial position.

I’ve carefully thought about what Miss J and Plata have said.

The first thing for me to say is that Plata didn't just simply accept what Miss J had told it. It not only asked Miss J for details of her income, it cross checked her declaration against information from credit reference agencies on the amount of funds going into her bank account. This suggested that her declaration of income was plausible.

Plata also carried out credit searches which showed that Miss J didn't have any significant adverse information – such as defaulted accounts or County Court Judgments (“CCJ”) - recorded against her. Furthermore, the total amount Miss J owed wasn't excessive in comparison to her validated income and was being relatively well maintained too.

Having considered all of this information, it seems to me that when Miss J's payments to her credit commitments are combined with the statistical data that Plata used to estimate her living expenses and then deducted from her validated income, she did have enough left over to make the repayments to this loan.

I accept that Miss J appears to be suggesting that her actual circumstances may not have been fully reflected either in the information she provided, or the information Plata obtained. For example, I note that Miss J has referred to regularly using her overdraft. However, in the first instance, I would start by saying that Plata didn't have Miss J's bank statements and didn't request them. So it would have known about her overdraft usage. In any event, there isn't a prohibition on a lender lending to a prospective borrower using an overdraft.

So while I sympathise with what Miss J has said about her financial position and has said that it worsened after she was provided with this loan, I don't think that Plata could reasonably be expected to be aware of this, at the time of her application. In these circumstances, I can't reasonably say that these are factors it ought to have taken into account before lending to Miss J.

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

However, for the reasons I've explained, I don't think Plata irresponsibly lent to Miss J or otherwise treated her 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.

Overall and having considered everything, I don't think that Plata did anything wrong when deciding to lend to Miss J - it carried out proportionate checks and reasonably relied on what it found out which suggested the monthly repayments were affordable.

As this is the case, I'm not upholding Miss J's complaint. I appreciate this will be very disappointing for Miss J. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

Although I'm not upholding this complaint, I'd like to remind Plata of its obligation to exercise forbearance and due consideration – particularly given what Miss J has now said about her situation and her ability to make payments - should it be the case that she is experiencing financial difficulty.

I would also encourage Miss J to get in contact with and co-operate with any steps that may be needed to review what she might, if anything, be able to repay going forward. Miss J may be able to complain to us – subject to any jurisdiction concerns – should she be unhappy with Plata's actions in relation to exercising forbearance over the outstanding balance going forward.

My final decision

For the reasons I've explained, I'm not upholding Miss J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 18 May 2026.

Jeshen Narayanan
Ombudsman