

## **complaint**

Mrs S complains that The Five Lamps Organisation failed to do appropriate affordability checks before giving her a £1,000 loan and if it had it wouldn't have given her the money.

## **background**

Mrs S took a loan for £1,000 with Five Lamps on 26th January 2018. She says that this loan was unaffordable, and the appropriate checks for affordability were not carried out. Mrs S says that at the time of applying she had numerous other loans active, credit cards, an overdraft, and another personal loan. Further her credit score was only 300. She thinks that Five Lamps should have looked at her bank statements and would then have seen her gambling issues.

Five Lamps did not uphold her complaint; it said her Credit Report gave her a score of 595 which is a good score. Payday loans had been repaid without issue and although there were a number of credit searches, the credit report shows she had always made repayments and had acted responsibly.

The adjudicator did not uphold the complaint. He could see that income and expenditure checks were completed before she was given the loan. Based on the figures Mrs S declared, the loans were affordable. Furthermore, her credit file was used as a part of the assessment which was 595 at the time. He noted that although she had a number of searches on her file and additional borrowing had been taken out not too long before this loan, no payments were showing on her file. He did not think that Five Lamps needed to view her bank statements, as well due to the size of the loan.

Mrs S was unhappy with this view.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so I agree with the adjudicator for the same reasons.

Lenders have a duty to ensure any lending is responsible and affordability checks are carried out. As the adjudicator noted, income and expenditure checks were carried out before she was given the loan. Based on this, the loan was affordable. Her credit score was good and although Mrs S said it was only 300, Five Lamps provided evidence that it was 595 which was supported by the fact that her score was 569 in April 2018. Although there were a number of credit searches and payday loans, these loans had been repaid and her income had increased. The loan was for £1,000 and checks need to be proportionate to the level of borrowing. In this case it was not proportionate, looking at the size of the loan, for Five Lamps to have also looked at the bank statements.

For these reasons I don't think Five Lamps has done anything wrong by loaning her the money and it did carry out appropriate checks.

## **my final decision**

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 5 October 2018.

Clare Hockney  
**ombudsman**