

## **complaint**

Mr P says Valour Finance Limited, trading as Savvy.co.uk, lent to him irresponsibly.

## **background**

Mr P took out a loan with Valour Finance in January 2017. He borrowed £2,000 and was scheduled to repay it in 18 monthly instalments of about £222. Mr P actually settled the loan in March 2017.

An adjudicator considered Mr P's complaint but didn't recommend it be upheld. Mr P didn't agree with the adjudicator, so the complaint was passed to me to decide.

## **my findings**

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 law, good industry practice and any relevant regulations at the time.

Valour Finance needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mr P could repay the loans in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure. The relevant regulations, which included the Financial Conduct Authority's (FCA) consumer credit sourcebook (CONC), were not prescriptive about exactly what checks businesses like Valour Finance should carry out.

### *what did Valour Finance do?*

Valour Finance and Mr P spoke by phone to go over some aspects of his online application.

I've seen that Valour Finance obtained information from Mr P about his income, which it recorded as £2,124 per month. Valour Finance has shown that this declared income passed its credit checking process, so it accepted it as correct. Mr P also confirmed the income information he provided was correct during the phone call.

Valour Finance also obtained information about Mr P's general monthly living costs, including expenditure such as transport, food, utilities and housing expenses. Mr P told Valour Finance he was living with his family and didn't pay rent or utility bills. This monthly expenditure (which didn't include credit commitments) was modest, totalling about £310.

Mr P's credit commitments were also discussed during the phone call. Mr P said some of the credit commitments showing on his credit file had already been settled (Valour Finance says it will still take them into account, as they were showing at the time). Mr P also told Valour Finance that he'd recently used his overdrafts, which hadn't yet appeared on Valour Finance's credit search.

There was some further discussion of a loan Mr P had recently settled, as well as his credit card usage. Valour Finance had noted that Mr P had taken out a loan in December 2016 and settled it in January 2017. It also noted he had a credit card with a balance which had rapidly increased. Mr P gave Valour Finance his explanations for these events.

Valour Finance ultimately decided to approve the loan. It decided that Mr P's monthly income of £2,124 and his monthly expenditure of £310 (for living costs) and £917 (for other credit commitments) left him with approximate disposable income of £897 per month. It thought this was enough to sustainably make the £222 instalments.

*did Valour Finance do enough?*

I've thought carefully about whether Valour Finance carried out proportionate checks in the circumstances of Mr P's loan. On balance, I think it did – I'll explain why.

I know Mr P feels strongly that Valour Finance didn't lend responsibly. He doesn't think it did enough to verify his income and thinks it ought to have realised he'd taken a lot of loans during 2016. He also mentioned that his tone during the phone call was uncomfortable – and that he was borrowing the money to spend on gambling.

I don't think Valour Finance acted unfairly by accepting Mr P's declared monthly income of £2,124. I've seen the results of the credit checking/income verification service it used and Mr P's declared income was deemed to be accurate. I note that the figure Mr P has given us now (£1,955) isn't really significantly different to what he declared, so it isn't surprising the credit check didn't highlight a discrepancy. I also note that using the lower figure wouldn't have suggested the loan was unaffordable, given Mr P's expenditure of around £1,227.

I understand why Mr P has raised his other debts as a significant issue. And, having listened to the call, I can see what he means about his tone. I accept that at times Mr P is hesitant when answering Valour Finance's questions about the use of his previous loans. At one point during the call, Mr P suggests he wants to withdraw his application because Valour Finance was asking "*too many questions*".

Mr P ultimately decided to progress with the application and did answer Valour Finance's questions. The answers he gave were not in my view unreasonable to the extent Valour Finance should've sought further evidence of Mr P's income and expenditure. Mr P and Valour Finance had a reasonably detailed discussion about his credit commitments and Valour Finance took into account monthly credit commitments of over £900 before making its lending decision. That figure doesn't seem unreasonable in light of the information on Mr P's credit file.

So I think Valour Finance did enough to take into account Mr P's existing credit commitments. The discussion of his past commitments and recent use of credit cards didn't highlight a harmful dependency on credit.

I'm sorry to hear that Mr P had what he calls a 'gambling habit'. I don't doubt that this must've been a difficult time for him. But I've seen nothing to suggest Valour Finance was aware of this. And I don't think it had reason to ask Mr P for copies of his bank statements, so there's no reason for me to say it ought to have reasonably been aware of this either. For the same reason, Valour Finance wouldn't be aware of anything Mr P had borrowed from his family.

For the reasons I've given above, I don't think Valour Finance acted irresponsibly when it lent to Mr P. So I am unable to uphold his complaint.

**my final decision**

I do not uphold this complaint against Valour Finance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P. to accept or reject my decision before 6 July 2019.

Matthew Bradford  
**ombudsman**