

complaint

Mr D complains that Oakbrook Finance Limited trading as Likely Loans irresponsibly lent him money which was unaffordable.

background

Mr D took out the loan in 2016 and says he told Likely Loans that he had gambling transactions recorded on his bank statement. He says he was encouraged to apply for the loan and Likely Loans didn't ask to see the account statement. Mr D says he had taken out two other loans in the six months before this loan and had defaulted on other credit agreements, all of which should have been obvious to Likely Loans. He also says he asked Likely Loans for evidence of the expenditure information it used to assess the affordability of the loan but it's been unable to provide it. Mr D says he understated his expenses to Likely Loans and says he was borrowing from family in order to continue gambling.

Likely Loans says it told Mr D before he made the loan application that it would credit score his application and would not take into account his gambling. It says it checked the affordability of the loan and relied on Mr D providing it with accurate information. Likely Loans says the loan for £4,500 was affordable and Mr D told it he was earning £38,500 a year. It says it's tried to help Mr D with his financial difficulties by agreeing repayment plans and allowing breathing space for repayments. Likely Loans says Mr D made the first three loan repayments but he told it that he had lost his job in December 2016.

Mr D brought his complaint to us but our adjudicator didn't uphold it and thought Likely Loans had dealt fairly with the complaint. The adjudicator thought the loan was affordable based on Mr D's income and outgoings recorded on his credit file and thought the problem was caused by Mr D losing his job. The adjudicator didn't think Mr D had told Likely Loans that he had a gambling problem and thought it had tried to help him when he was unable to make the loan repayments.

Mr D doesn't accept that view and says Likely Loans should provide details of his expenditure that it used to assess the loan application. He says Likely Loans didn't request his account statements and says his salary details were not accurate. He also says there was adverse information recorded on his credit file at this time and Likely Loans should have carried out a detailed check of the information he provided. Mr D would like the interest removed from the loan.

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've come to the same overall view as the adjudicator. I realise that Mr D will be disappointed by my decision and I appreciate how strongly he feels about what's happened.

I accept the issue of lending to someone that has a gambling problem is difficult as gambling is not an illegal activity. I can see that Mr D asked Likely Loans if the gambling transactions recorded on his bank statement would affect his application to which Likely Loans told him they wouldn't be, as the application would be credit scored. So I'm satisfied that Mr D didn't tell Likely Loans that he had a gambling problem or addiction and I'm also satisfied that Likely Loans couldn't reasonably have known about that problem unless Mr D told it. I have also looked at Likely Loans e-mail to Mr D about this and I don't think it encouraged him to

apply for the loan but simply told him it wouldn't take into account the gambling transactions. I think it was Mr D's decision to then apply for the loan.

I have looked at Mr D's application and can see that he told Likely Loans he was earning about £38,500. I appreciate that Mr D says he understated his expenses and doesn't recognise that income figure. But I think on the face of it the loan was affordable and Likely Loans isn't responsible for Mr D providing inaccurate information.

I accept that any credit application should be assessed and I appreciate that Mr D would like details of his expenditure that Likely Loans used in that assessment. But I'm satisfied that it's up to Likely Loans to make a commercial business decision on how it makes a loan assessment and that's not something I can fairly interfere in. I'm also satisfied that Likely Loans has told us that it looked at affordability by looking at Mr D's credit file and I've not seen any evidence that suggests it didn't do so.

I've looked at Mr D's credit file from the time the loan was taken out and I can see that it appears his credit score was assessed at 629 which I can see is significantly higher than it later became. I can also see that Mr D did take out two short term loans in 2016 which were both repaid and that he had other credit agreements in which regular repayments were being made. I accept Mr D did have defaults registered on his file but can also see that they were registered some time before this application and appear to have been recorded as settled on his credit file. Overall I'm satisfied that, whilst Mr D's credit file has some adverse information recorded on it, there is nothing recorded on it which would make me conclude Likely Loans lending was unaffordable and irresponsible.

I've listened to the call between the parties at the end of 2016 and I'm satisfied that Mr D told Likely Loans the repayments were affordable and that he was waiting for his redundancy payment. I think on balance that the loan became unaffordable due to Mr D unfortunately losing his job. I say that as I think Mr D made the first three loan payments which I think suggests the loan was affordable when it was taken out. I can also see from Mr D's credit file that he got into arrears on other credit agreements in 2017.

Lenders should treat customers that experience financial difficulties positively and sympathetically. I find that Likely Loans did act in such a way here. I can see that it agreed repayment plans with Mr D and allowed a breathing space for payments to be made.

Overall I'm satisfied that at the time the loan was taken out it was affordable and that Likely Loans didn't act irresponsibly by approving it. So I can't fairly order Likely Loans to remove the interest from this loan. For the reasons I've explained I think the problem was largely caused by Mr D losing his job and so I think this brings an end to what we, in trying to sort out this complaint informally, can do.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 27 September 2019.

David Singh
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