

## **complaint**

Mr F complains that Valour Finance Limited (trading as Savvy.co.uk) was irresponsible to lend him money as he had a poor credit history and the repayments were unaffordable to him.

## **background**

Mr F applied for a £500 loan on 11 December 2016. The loan was to be repaid in 12 instalments of £83.33 per month. Savvy carried out checks of Mr F's income and expenditure and looked at his credit file before approving the loan.

Mr F says Savvy didn't check his circumstances properly. He said that, had it done so, it would have realised he was £12,000 in debt, owed money to 15 creditors and his credit file included defaults and County Court Judgements (CCJs). Therefore, he says, the loan was unaffordable to him and Savvy should not have approved it.

Our adjudicator did not recommend the complaint should be upheld. She found Savvy had done enough checks given the size of the repayments relative to Mr F's income and she was satisfied that Savvy would have considered the loan to be affordable.

Mr F responded to say, in summary, that he may not have given Savvy full information about his circumstances, but a full list of debts from the time of the application show the loan was not affordable to him.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Savvy was required to lend responsibly. It should have made checks to make sure Mr F could afford to repay the loans before it lent to him. Those checks needed to be proportionate to things such as the amount Mr F was borrowing, and his lending history. But there was no set list of checks Savvy had to do.

When Mr F applied for the loan with Savvy, I consider proportionate checks should have included asking Mr F for his income. As the repayments were £83.33 per month and Mr F's income was £1,750, I can't conclude Savvy was wrong to approve the loan on that basis.

That said, Savvy carried out further checks than the minimum I would have expected, so, given it had additional information about Mr F's circumstances, it based its decision on all the available financial data.

I have listened to the call and Mr F gave Savvy a breakdown of his household expenses, as well as his income. He also explained that he'd recently repaid the defaulted loan that was showing in his credit file and had taken out recent loans for that purpose and to pay for an engineer to repair his washing machine. Nevertheless, Savvy still requested copies of Mr F's bank statements before finally approving the loan. Indeed, Mr F said his monthly disposable income was usually around £500 and, based on the bank statements he provided, I'm satisfied Savvy would also have found this to be the case. I say this because Mr F's monthly income was £1,750, he'd told Savvy his household expenses totalled about £700, and I can see he had regular financial commitments of over £500.

That said, Savvy would also have seen from his bank statements that Mr F had recently taken out other short-term loans. But, even taking those repayments into account, Mr F had sufficient money remaining to make the £83.33 repayments to the Savvy loan.

I acknowledge, Mr F says he didn't give Savvy full information during the phone call, but I can't hold Savvy responsible for that. Even if Savvy had only carried out the minimum checks of monthly repayment compared with income, I wouldn't have concluded Savvy was wrong to approve the loan. As it is, Savvy carried out far more thorough checks than the minimum and, even with all that additional information, my conclusion remains the same. In short, I'm satisfied Savvy did nothing wrong when it approved the loan.

### **my final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 23 October 2017.

Amanda Williams  
**ombudsman**