



## **Complaint**

Mr M has complained about a loan Amplifi Capital (U.K.) Limited (trading as “Reevo Money”) provided to him.

He says his credit file at the time showed that he had four other large loans open at the time and high discretionary spending, which made this loan unaffordable.

## **Background**

Reevo Money provided Mr M with a loan for £1,500.00 in February 2023. This loan was due to be repaid in 23 monthly instalments of £77.21 and a final instalment of £79.28. One of our investigators reviewed what Mr M and Reevo Money had told us. And he thought that Reevo Money hadn’t done anything wrong or treated Mr M unfairly. So he didn’t recommend that Mr M’s complaint be upheld.

Mr M disagreed with our investigator and asked for an ombudsman to look at his complaint and make a final decision.

## **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 Mr M’s complaint.

Having considered everything, I’ve decided not to uphold Mr M’s complaint. I’ll explain why in a little more detail.

Reevo Money needed to make sure that it didn’t lend irresponsibly. In practice, what this means is Reevo Money needed to carry out proportionate checks to be able to understand whether Mr M 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.

Reevo Money says it agreed to Mr M’s application after he provided details of his monthly income and some information on his expenditure. It says it cross-checked this against information on a credit search it carried out and all of this information showed Mr M could afford to make the repayments he was committing to.

On the other hand, Mr M has said that his existing indebtedness and financial position meant that he shouldn't have been lent to.

I've carefully thought about what Mr M and Reevo Money have said.

The first thing for me to say is that this was Mr M's first loan with Reevo Money and I don't agree that it was as Mr M says a large loan – particularly given Mr M's income at the time. Furthermore, Reevo Money has provided an output of the income and expenditure information it obtained at the time of Mr M's application as well as a record of the results of its credit searches.

Reevo Money's searches appear to show that Mr M did have some existing debts. But crucially, according to the credit searches, Mr M's existing debts were being relatively well maintained and there was no significant adverse information such as defaults or county court judgements ("CCJ"). And when payments for Mr M's active credit commitments, were deducted from his income, he does appear to have had sufficient funds left over to cover his living expenses and the low monthly payments to this loan.

I accept that Mr M appears to be suggesting that his actual circumstances weren't fully reflected either in the information he's provided, or the information Reevo Money obtained at the time. And, in truth, I suspect that Mr M's credit history looked better than it should have and I have some idea why this may be the case.

Bu, in any event, Reevo Money could only make a reasonable decision based on the information it had available at the time. And as this was a first loan with low monthly payments and there wasn't anything to indicate that Mr M might have been experiencing financial difficulty at the time, I'm satisfied that Reevo Money was reasonably entitled to believe that Mr M could afford to make his payments.

I accept that it is likely – but not certain - that Reevo Money might have reached a different conclusion on whether to provide this loan had it seen Mr M's bank statements. But given the circumstances here, the lack of obvious inconsistencies and most importantly any indication that Mr M was struggling financially, I don't think that reasonable and proportionate checks would have extended into obtaining bank statements here.

As this is the case, I don't think that Reevo Money did anything wrong when deciding to lend to Mr M – in my view, checks carried out, which were proportionate, suggested the low monthly repayments – of just under £80 a month - were affordable.

So overall I don't think that Reevo Money treated Mr M unfairly or unreasonably when providing him with his loan. And I'm not upholding Mr M's complaint. I appreciate this will be very disappointing for Mr M. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm not upholding Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 October 2023.

Jeshen Narayanan

**Ombudsman**