

The complaint

Mr P complains FUND OURSELVES Limited trading as Fund Ourselves (“Fund Ourselves”) gave him loans without carrying out the correct affordability checks.

What happened

Mr P was advanced two loans by Fund Ourselves and below is a table summarising his borrowing.

loan number	loan amount	agreement date	repayment date	number of instalments	highest repayment
1	£500.00	04/03/2022	28/04/2022	4	£241.00
2	£450.00	01/05/2022	sold	4	£219.60

Fund Ourselves said Mr P had problems repaying his final loan and the loan was subsequently defaulted and then sold to a third party in October 2022.

Mr P referred his complaint to the Financial Ombudsman after it has been reviewed by Fund Ourselves who didn't uphold it.

The complaint was then considered by an adjudicator, and she didn't think Mr P's complaint should be upheld because proportionate checks had been carried out and there was no indication that either Mr P was in financial difficulties, or the loans couldn't be repaid in a sustainable manner.

Mr P didn't agree, saying Fund Ourselves should've done some further checks before lending to him because at the time he had been rejected from some of “*their competitors*”. He said he had other cases that had been upheld where there had been back-to-back loans and he doesn't understand why this case is different. Finally, Mr P says that he has being harassed by the collection agency which he doesn't think is right.

As no agreement has been reached, the case has been passed to me to resolve.

What I've decided – and why

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

We've set out our general approach to complaints about this type of lending - including all the relevant rules, guidance and good industry practice - on our website.

Mr P says that he is being harassed by a third-party legal firm. Fund Ourselves has sold the outstanding balance onto a third party – details of which were contained in the final response letter. As Fund Ourselves has sold the balance, it is no longer responsible for the collection of the debt and therefore isn't responsible for the actions of the third party. If Mr P is unhappy with the actions of the third-party, he will need to raise a separate complaint with it.

Fund Ourselves had to assess the lending to check if Mr P could afford to pay back the amounts he'd borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. Fund Ourselves' checks could've taken into account a number of different things, such as how much was being lent, the size of the repayments, and Mr P's income and expenditure.

With this in mind, I think in the early stages of a lending relationship, less thorough checks might have been proportionate. But certain factors might suggest Fund Ourselves should have done more to establish that any lending was sustainable for Mr P. These factors include:

- Mr P having a low income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- The amounts to be repaid being especially high (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- Mr P having a large number of loans and/or having these loans over a long period of time (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable);
- Mr P coming back for loans shortly after previous borrowing had been repaid (also suggestive of the borrowing becoming unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable for Mr P. As there were only two loans granted within a little under two months the adjudicator didn't think this applied to Mr P's complaint and I agree.

Fund Ourselves was required to establish whether Mr P could sustainably repay the loans – not just whether he technically had enough money to make his repayments. Having enough money to make the repayments could of course be an indicator that Mr P was able to repay his loans sustainably. But it doesn't automatically follow that this is the case.

I've considered all the arguments, evidence and information provided in this context, and thought about what this means for Mr P's complaint.

As part of his applications, Mr P declared a monthly income for both loans of £3,300 from full time work. Fund Ourselves says that this income was verified using a tool provided by a credit reference agency. And the result of that check indicated the income declared by Mr P was likely to be accurate.

Mr P was also asked to declare his outgoings across a number of different variables, such as travel, rent, utilities, food and commitments. Mr P declared his outgoings were £940 per month. These were the first two loans of the lending chain and I think it was, at this time, reasonable of Fund Ourselves to have relied on the information Mr P had provided.

Fund Ourselves believed, based on the information Mr P provided that he had enough disposable income to afford the largest monthly loan repayment of £241. Therefore, it would've been reasonable for Fund Ourselves to believe the loans to be affordable for Mr P.

Before the loans were approved Fund Ourselves doesn't appear to have carried out a credit search before lending. But there wasn't a requirement for it to do so. Therefore, I can't uphold Mr P's complaint solely because a credit search wasn't carried out when I consider the other checks to be proportionate.

Loan one had been paid earlier than contracted for and without any apparent difficulty. So, when Mr P had returned for loan two a few days later, for a smaller sum and a smaller monthly repayment I don't think this would've triggered Fund Ourselves to have carried out further checks before granting the loan.

I appreciate Mr P says that he has had other complaints – where loans have been given back-to-back and these have been upheld. But my remit is to consider the individual circumstances of this complaint. And there are a number of factors that go into deciding whether either a loan or loans should be upheld, or further checks ought to have been carried out.

I have already outlined earlier on in this decision some examples of what may lead the lender to carry out further checks. But as always it will be dependent on the individual circumstances of each loan application. And some of the factors that are considered – but not limited to, what any other lender knew about Mr P (and what he had declared) the number of loans granted, the monthly repayment that Mr P was due to make and the results of any other checks that may have been carried out.

In this case, I certainly, can't say that a two-loan lending chain, where the second loan as smaller than the first ought to have been a red flag for Fund Ourselves to have carried out further checks or to have declined the lending. The lending chain also wasn't large enough to have made Fund Ourselves conclude that Mr P was using the loans in an unsustainable manner.

I've also thought about what Mr P says about being declined for other loans from Fund Ourselves' competitors – and this may have been as a result of the types of checks those lenders carried out, how much Mr P was asking for and the repayment term. But I don't need to know the details of those declined loans in order to reach a fair outcome for what Fund Ourselves did in the circumstance of this complaint.

Overall, Fund Ourselves carried out proportionate checks before each loan was approved which showed Mr P could afford the repayments he was committed to making. I'm also satisfied it was entitled to rely on the information Mr P declared about his income and expenditure. There also wasn't anything else to suggest these loans would either be unaffordable or unsustainable for him.

This has led me to conclude that Fund Ourselves didn't do anything wrong when it approved the loans for Mr P and it therefore follows that I can't uphold the complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 12 October 2023.

Robert Walker
Ombudsman