

## **The complaint**

Ms A complains that Tandem Personal Loans Ltd trading as Oplo (Oplo) lent to her irresponsibly.

## **What happened**

Ms A applied for a personal loan of £10,000 from Oplo for home improvements. This was agreed in March 2022 with monthly payments of £246.02 – over 60 months.

The payments were made without fail until February 2023, when the loan fell into arrears.

Ms A complained that insufficient checks had been done by Oplo. She says Oplo didn't check her bank statements. If they had they would've seen she could not afford the loan payments on a sustainable basis. Her credit cards were 'maxed out' and she was only making minimum payments to them. Her payments to creditors were about £900 per month, excluding her mortgage of £221.

Since being given the loan, her financial situation has worsened. She has gone on to payment plans on two of her credit cards. When Oplo looked at her application, they didn't take into account her rent (£524 per month) on a shared ownership house – i.e. she had to pay a mortgage of £221, plus rent of £524 per month.

Oplo said they completed the necessary checks and didn't uphold the complaint. When Ms A called to set up the loan, she confirmed she wasn't in any financial difficulty and that the monthly payments were affordable. The firm's assessment of income and expenditure showed her payments to other lenders and household expenses. Her credit report showed her other commitments.

All this showed she had monthly disposable income of £499. That left £253 to meet the new loan payments of £246. Oplo also noted Ms A's credit report showed no defaults or county court judgements and confirmed her payments were being made to other lenders. They noted there had been a missed credit card payment on an account with a balance of £145, but confirmed with her this had been brought up to date.

Oplo said the loan payments were made on time up to February 2023 (11 months) when the loan fell into arrears. But this was due to a large utility bill, unexpected car expenses and a strike at her place of work. They said they couldn't have foreseen those when Oplo agreed to the loan.

Ms A brought her complaint to us. Our investigator upheld it. She said the total payments to lenders worked out at almost 50% of her income. This was high and Oplo should've asked to look at her bank statements. If they had, those showed payments to her debts were £836, plus the mortgage of £221.

But – in addition to this she paid rent of £500 a month as she lived in a shared ownership property. So taking that into account, the new payments to the loan couldn't be made on a sustainable basis. She said Oplo should remove interest payable on the loan and arrange a sustainable payment plan for the payment of the balance. They should also remove any adverse information from Ms A's credit file.

Oplo didn't agree. They said they had verified Ms A's income and expenditure. On outgoings, they use ONS data – as there was no reason to treat Ms A as anything other than a normal customer. Oplo asked that an ombudsman look at the complaint and so it has come to me to do that.

*I made a provisional decision which said:*

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

All lenders have an obligation to lend money responsibly. We have to check whether Oplo acted in line within the Financial Conduct Authority (FCA) rules on creditworthiness assessment as set out in its handbook, (CONC) section 5.2. These say that a firm must undertake a reasonable assessment of creditworthiness, considering both the risk to it of the customer not making the repayments, as well as the risk to the customer of not being able to make repayments. We look at:

- Whether the lender completed reasonable and proportionate checks to satisfy itself that the borrower would be able to repay any credit in a sustainable way?
- If reasonable and proportionate checks were completed, did the lender make a fair lending decision bearing in mind the information gathered and what the lender knew about the borrower's circumstances?
- And a reasonable and proportionate check would usually need to be more thorough:
  - o the lower a customer's income, and the higher amount to be repaid.
  - o the greater the number of loans and frequency of loans.
  - o the longer the term of the loans

It's important to note that the checks must be proportionate to the amount being lent – so the higher the amount (and the longer the term), the greater the checks must be, and the lower the amount, then fewer checks can be made.

I looked at Ms A's complaint with this guidance in mind, and it's fair to say that the loan was for a reasonably large amount and over a long term (five years).

We can only expect Oplo to look at Ms A's application and information as it was at the time of her application - we can't expect Oplo to know Ms A's circumstances were going to change in the future. I can see that Oplo's checks showed:

- Ms A's income was £2,290 per month. Payments to lenders were £1,081 (including the mortgage of £221). Household and living expenses were £710.
- So, Oplo worked out that the spare 'monthly disposable income' (MDI) was £499 and therefore the new payments of £246 were affordable.
- Oplo could also see from Ms A's credit report that she was making all payments to her other lenders, with no arrears or missed payments – other than for one credit card debt, and the firm confirmed with Ms A this was brought up to date.
- There were no defaults or CCJs.

I can also see that Ms A's other debts (excluding the mortgage) was about £23,000. Of itself, against Ms A's net salary of £2,290 each month, this doesn't seem excessive.

In other words, Oplo could see that Ms A could afford the payments and was managing her overall finances well. And for me, I can see how they reached that conclusion. And up to that point, I think they carried out the necessary and proportionate checks they needed to.

But – the crux of this decision comes down to Ms A's additional payments for rent of £500 each month for a shared ownership property – in addition to her mortgage payments. As the MDI was £499 without the rent payment, to include it would reduce the MDI to zero and make the loan payments unaffordable.

This doesn't appear in her income and expenditure assessment. We asked Oplo more about this and listened to the calls on 21 March 2022.

I listened to the first call – when Oplo discussed Ms A's loan application. In it, Oplo's credit assessor asked *"is the mortgage split with anyone else?"* Ms A said 'no'.

Oplo also asked if there was anything which might hinder Ms A's ability to make the repayments. Ms A said 'no'.

Oplo needed to refer to a manager – as Ms A's credit file was showing a credit card in arrears. She called Ms A back (the second call) and said the bank didn't need to see evidence the arrears had been paid. And then went ahead to set up the repayments.

But in the second call, Oplo's call handler asked (twice) *"are you happy these payments are affordable?"* Ms A replied each time "yes".

The call handler also asked *"...can you confirm you are not in any financial difficulty or thinking of entering an IVA or DMP?"* Ms A said "no".

So, if Ms A was concerned that she might not make the repayments because of the rent payments, she had the chance to say so - several times - and tell Oplo about it on the call, but didn't.

Ms A has said Oplo didn't ask to see her bank statements – and these showed the rent payments going out. But we only expect a firm to ask for bank statements if their checks show possible problems and they need to check further. Firms don't need to ask for statements every time. And in this case, based on the information they could see, I consider it's reasonable that Oplo could be satisfied that Ms A could make the payments without asking for them.

Therefore, my provisional decision is that Oplo complete the checks they reasonably needed to, and therefore lent responsibly.

I invite any comments and further information from either Ms A or Oplo in response.

**Responses to the provisional decision:**

Oplo agreed with it. Ms A made no comments.

**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.

As Oplo agreed with the provisional decision, and Ms A made no comments, my final decision is the same as the provisional decision.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 4 June 2024.

Martin Lord  
**Ombudsman**