

## **The complaint**

Mr A complains that Logbook Lending Limited (“Logbook Lending”) lent to him irresponsibly.

## **What happened**

Mr A took out a loan with Logbook Lending in January 2023, secured against his car. The loan was for £500 and was repayable by way of 78 monthly payments of £77.78 with the total amount repayable under the agreement being £1,400.10.

Mr A got into difficulty with meeting the repayments and defaulted on the loan in May 2023. The outstanding sum has been passed to a collections business.

Mr A says the loan was given irresponsibly as he was already struggling financially and was experiencing difficult personal circumstances.

Logbook Lending didn’t agree. It said it had reviewed his income and expenditure when he made the application and had also checked his credit file. And based on that the loan was affordable.

Our investigator didn’t recommend the complaint be upheld. She thought Logbook Lending didn’t act unfairly or unreasonably by approving the loan.

As Mr A didn’t agree, the complaint has been passed to me for a final decision.

## **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.

Logbook Lending will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don’t consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

I’ve read and considered the whole file, but I’ll concentrate my comments on what I think is relevant. If I don’t comment on any specific point it’s not because I’ve failed to take it on board and think about it but because I don’t think I need to comment on it in order to reach what I think is the right outcome.

Before granting the loan I think Logbook Lending gathered a reasonable amount of evidence and information from Mr A about his ability to repay. I say this having noted the credit checks it carried out. Logbook Lending also verified Mr A’s income by carrying out an open banking check. Mr A also said he was living at home. Mr A was also asked to complete an income and expenditure form over the phone. I have also noted that Mr A applied for a loan of £1,500 but was declined for that by Logbook Lending and instead he was offered the lower sum of £500.

So, I think on balance that Logbook Lending carried out proportionate searches before approving the loan. But just because I think that, it doesn't automatically mean it made a fair lending decision. I've therefore thought carefully about what the evidence and information showed.

I've reviewed the information and evidence Logbook Lending gathered, as well as the information Mr A provided at the time he made his application. I've seen that the checks on his credit history showed that he was in a payment arrangement for a loan with a low repayment. He also had one active county court judgment on his file. Logbook Lending said that after allowing for his monthly committed expenditure and existing debt commitments – including repaying his outstanding court judgment - Mr A ought to have been left with around £630 disposable income each month. Whilst it's clear that Mr A had had debt issues in the past I think the checks and steps taken to verify his income established his ability to repay the new borrowing.

I've also looked at Mr A's overall level of household income, his daily outgoings and the committed expenditure as shown on Mr A's open banking report. I've noted that the loan amount and size of the repayments were set so as to be manageable. I've also kept in mind what Mr A has said about his other committed costs. Having done so, I think Mr A's level of income and committed expenditure was consistent with the information Logbook Lending obtained from the checks it had carried out. I therefore agree that the loan was likely to have been affordable as Mr A had sufficient disposable income to meet the monthly payments. For these reasons, I don't think Logbook Lending acted unfairly when approving the loan.

Mr A has said that Logbook Lending ought to have been aware of issues he was having with gambling. He has also referred to other monthly costs that he says weren't included in the open banking checks. But based on the evidence information it obtained in its checks and the information provided by Mr A as part of the application process, I think Logbook Lending was entitled to rely on the information it obtained as painting a broadly representative picture of Mr A's financial situation at the time. In any event, these were not items that Mr A had given details about when completing his income and expenditure form. So I don't think I can reasonably have expected Logbook Lending to have carried out further checks. The amount Logbook Lending ultimately agreed reflected its attempting to take a proportionate and reasonable approach in light of Mr A's credit history so as not burden him going forwards with a level of additional debt that had the potential to turn out to be unsustainable.

I've also considered whether there's anything else Logbook Lending could have done better to help Mr A. Mr A said that it refused to grant him a 30 day breathing-space he'd been seeking due to his ill-health. But that request was made after the account had defaulted, so by that point it was appropriate that Logbook Lending suggested he contact the third party recovery business. It also doesn't look like this was in the context of Mr A receiving formal advice from a debt adviser. I've also seen that Logbook Lending made a number of attempts to contact Mr A after he got into difficulty with meeting the repayments but it seems that he'd changed his email address.

I understand that Mr A's personal circumstances have not been good and I'm sorry to hear of that. I would remind Logbook Lending of its responsibility to ensure that Mr A is treated with all possible understanding and forbearance. So it should take the necessary steps to see that the third party now dealing with the recovery of the outstanding debt similarly engages with Mr A with a view to reaching an affordable repayment arrangement, if it hasn't done so already.

But, having taken everything into account, I don't consider I've seen enough evidence or information to show that Logbook Lending lent to Mr A irresponsibly.

**My final decision**

For the reasons I've given above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 28 December 2023.

Michael Goldberg

**Ombudsman**