

## **Complaint**

Mr H has complained about loans Fair for You Enterprise CIC (trading as “Fair For You”) provided to him. He says the loans were unaffordable and shouldn’t have been provided to him in the first place.

## **Background**

Fair For You provided Mr H with five point of sale loans in total. It initially provided Mr H with a first loan for £263.99, in December 2015, to purchase household goods. This loan was due to be repaid in 17 monthly instalments of around £20.

In April 2016, Mr H was provided with a second loan for £355 in order to facilitate the purchase of a fridge freezer. This loan had a 24-month term with 24 monthly repayments of £20.84.

In December 2016, Mr H was provided with a third loan for £359.99 in order to facilitate the purchase of a laptop. This loan was due to be repaid in 17 monthly instalments of around £26.

Mr H was also provided with fourth and fifth loans by Fair For You. But I’ve already separately explained to the parties why I will not be looking into the complaint about those loans. And I make no comment about them in this decision.

One of our adjudicators reviewed what Mr H and Fair For You had told us. And he thought that Fair For You hadn’t done anything wrong or treated Mr H unfairly. So he didn’t recommend that Mr H’s complaint be upheld. Mr H disagreed and asked for an ombudsman to look at his complaint.

## **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 H’s complaint.

Having carefully considered everything, I’ve not been persuaded to uphold Mr H’s complaint. I’ll explain why in a little more detail.

Fair For You needed to make sure that it didn’t lend irresponsibly. In practice, what this means is Fair For You needed to carry out proportionate checks to be able to understand whether Mr H could afford to repay these loans before they were provided to him.

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.

Fair For You provided Mr H with three loans for £263.99, £355 and £355.99 in November 2015, April 2016 and December 2016 respectively. These first and third loans were due to be repaid in 17 monthly instalments and the second loan in 24 monthly instalments. The maximum amount Mr H had to pay at any one time was around £66 a month.

Fair For You says it agreed to Mr H's applications after he provided details of his monthly income, which was verified by payslips and some information on his expenditure. It says it cross-checked this against information on a credit searches it carried out. And all of this information showed Mr H could comfortably afford to make the repayments he was committing to.

On the other hand, Mr H has said the loans were unaffordable because he was already struggling at the time.

I've carefully thought about what Mr H and Fair For You have said.

Fair For You hasn't been able to provide us with the information it gathered at the time of loan 1. But given the amount of time that has passed since Mr H was provided with this loan this is not surprising. And I'm not drawing any adverse conclusions as a result.

Fair For You has been able to provide copies of the credit searches it carried out at the time Mr H applied for loans 2 and 3 and it has provided copies of bank statements that it obtained from Mr H at the time of the application for loan 3.

It's fair to say that the information provided does appear to indicate that Mr H had had previous difficulties with credit – in the form of defaults and at least one county court judgment. And he does appear to have been a regular user of home-collected credit too. Given loan 1 was taken a few months before loans 2 and 3, I'm also prepared to accept that Mr H was in a similar position at that stage. That said, while I accept that Mr H had had previous difficulties with credit, I don't think that this in itself means that Fair For You shouldn't have lent.

Indeed, I have to keep in mind that the monthly payments Mr H had to make even when he had the combined payments for three agreements running at the same time, was low. I'm also mindful that the bank statements I've seen, from around the time, also appear to show that once Mr H's committed expenditure was deducted from his income, he had sufficient funds left over to be able to make the payments to these loans.

I accept that Mr H's actual circumstances may not have been fully reflected either in the information he provided, or the information Fair For You obtained. But the key here is that it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. Given the circumstances here, in particular what Mr H's bank statements from around the time show, I'm satisfied that Fair For You was reasonably entitled to lend to Mr H.

For the sake of completeness, I'd also point out that Mr H was using the funds from these loans to purchase, what his correspondence to Fair For You at the time at least suggests he considered to be, essential items. And these loans enabled him to purchase these items at

interest rates much lower than the interest rates he appears to have been borrowing from home-collected credit providers at too.

As this is the case, I don't think that Fair For You did anything wrong when deciding to lend to Mr H - it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable.

So overall I don't think that Fair For You treated Mr H unfairly or unreasonably when providing him with his loans. And I'm not upholding Mr H's complaint. I appreciate this will be very disappointing for Mr H. 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 H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 26 September 2023.

Jeshen Narayanan  
**Ombudsman**