

Complaint

Mr C has complained about a loan Amplifi Capital (U.K.) Limited (trading as “Reevo”) provided to him. He says that proportionate checks would have shown this loan was unaffordable for him and so shouldn’t have been provided.

Background

Reevo provided Mr C with a loan for £2,000.00 in March 2023. This loan had an APR of 35.5% and the total amount repayable of £2,714.83, which included interest, fees and charges of £714.83, was due to be repaid in 23 monthly instalments of £112.66 and a final instalment of £123.65.

One of our investigators reviewed what Mr C and Reevo had told us. And he thought that Reevo hadn’t done anything wrong or treated Mr C unfairly. So he didn’t recommend that Mr C’s complaint be upheld. Mr C 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 C’s complaint.

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

Reevo needed to make sure that it didn’t lend irresponsibly. In practice, what this means is Reevo needed to carry out proportionate checks to be able to understand whether Mr C 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 says it agreed to Mr C’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 C could afford to make the repayments he was committing to. On the other hand, Mr C has said he shouldn’t have been lent to.

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

The first thing for me to say is that this was Mr C's first loan with Reevo. Furthermore, Reevo has provided an output of the income and expenditure information it obtained at the time of Mr C's application as well as a record of the results of its credit searches.

Reevo's searches appear to show that Mr C did have some existing debts. But crucially, according to the credit searches, these debts weren't excessive compared to Mr C's income. And crucially there was no significant adverse information such as defaults or county court judgements ("CCJ") recorded against him either.

Furthermore, when payments for Mr C's active credit commitments and living expenses, 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 C appears to be suggesting that his actual circumstances weren't fully reflected either in the information he's provided, or the information Reevo obtained at the time. For example, Mr C says that he had more debts than this and was in an arrangement to pay.

But Reevo didn't know this and it could only make a reasonable decision based on the information it had available at the time. The credit search didn't show some of the credit Mr C has referred to or the fact that one of his loan was in an arrangement to pay. Mr C says that even if this was the case, Reevo should have seen that his loan balance wasn't decreasing as it should have been.

However, the information obtained wasn't the same as obtaining a full credit file. It was simply a snapshot of total balances and a check for adverse information such as missed, payments, defaulted accounts or CCJs. And none of this was present on the information obtained. As this was a first loan with low monthly payments and there wasn't anything to indicate that Mr C might have been experiencing financial difficulty at the time, I'm satisfied that Reevo didn't have to delve further into Mr C's circumstances.

Mr C has made a number of arguments about what the bank statements he has provided in support of his complaint show. I accept that it is possible that Reevo might have reached a different conclusion on whether to provide this loan had it seen Mr C's bank statements – although I note that having now seen them, it maintains that it would not have done.

Be that as it may, the reality is that looking at Mr C's bank statements is unnecessary here. In my view, given the lack of obvious inconsistencies and most importantly any indication that Mr C was struggling financially, in the information Reevo obtained means I don't think that reasonable and proportionate checks would have extended into obtaining Mr C's bank statements here.

So while I appreciate that Mr C is unhappy with how the expenditure on his bank statements has been interpreted, since he made his complaint, I don't think that it is a relevant consideration for me here. The bank statements didn't play a part in Reevo's lending decision and proportionate checks didn't require them to have played a part either.

As this is the case, I don't think that Reevo did anything wrong when deciding to lend to Mr C – in my view, the checks carried out, which were proportionate, suggested the relatively low monthly repayments were affordable.

So overall I don't think that Reevo treated Mr C unfairly or unreasonably when providing him with his loan. And I'm not upholding Mr C's complaint. I appreciate this will be very

disappointing for Mr C. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

Although I'm not upholding Mr C's complaint, I would remind Reevo of its obligation to exercise forbearance and due consideration in the event of Mr C has difficulty making payments and it chooses to collect payments from him.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 18 January 2024.

Jeshen Narayanan
Ombudsman