

Complaint

Mr M has complained that Fluro Platform Limited (“Fluro”) unfairly brought about an unaffordable loan for him. He said he the loan was unaffordable as his credit score was poor and his use of credit was already high. He’s also said that his credit report would have shown that he had recently applied for another loan.

Background

Fluro operated the electronic system in relation to lending which led to Mr M being provided with a loan in October 2022. The loan was for £1,000.00. The agreement had a 24-month term and the total amount of £1,260.04, including interest and other charges of £260.04, was due to be repaid in 24 monthly instalments of £52.54.

Mr M’s complaint was reviewed by one of our investigators. She thought that Fluro hadn’t done anything wrong or treated Mr M unfairly. So she didn’t recommend Mr M’s complaint be upheld. As Mr M disagreed with our investigator’s view, the complaint was passed to an ombudsman.

My findings

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

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

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 M’s complaint.

Fluro needed to carry out proportionate checks to be able to understand whether Mr M could afford to make the monthly payments before bringing about this loan for 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.

This was Mr M’s first agreement with Fluro. And as I understand it, Fluro’s enquiries into Mr M’s circumstances consisted of asking him about his employment and income as well as some information about his income. I also understand that Fluro cross checked Mr M’s declaration of income against the funds going into his account each month and it also carried out a credit check which showed Mr M had some existing credit commitments with no significant previous repayment issues.

Crucially, the credit search also indicated that Mr M's existing indebtedness wasn't excessive considering his monthly income. As there was no significant adverse information on Mr M's credit file and the monthly loan repayments were low, I don't think that it was unreasonable for Fluro to rely on the information provided, which suggested that the monthly repayments were affordable.

I accept that Mr M says he had difficulty making the payments to this agreement and I'm sorry to hear this. I also accept that it's possible Mr M's actual circumstances may not have been fully reflected either in the information he provided, or the information Fluro obtained. I know that Mr M says that Fluro should have obtained bank statements from him.

It is fair to say that in certain circumstances it would be appropriate for a lender to ask for bank statements. Indeed this is typically what mortgage providers would require before deciding to lend. However, Fluro wasn't bringing about a mortgage for Mr M. It was providing a loan for a very small sum – certainly in comparison to a mortgage - with low monthly payments.

It's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. Given the circumstances here, and the lack of obvious inconsistencies or signs of difficulty in the information gathered, I don't think that reasonable and proportionate checks would have extended into the level of checks Mr M is suggesting. I'm therefore satisfied that Fluro carried out proportionate checks based on the circumstances at the time. And as those checks suggested the repayments would be affordable for Mr M, I don't think that Fluro did anything wrong in approving this loan.

So overall I don't think that Fluro treated Mr M unfairly or unreasonably when bringing about his agreement. As this is the case and while I sympathise with Mr M as a result of any difficulties he might have gone on to have, I'm afraid that I'm not upholding his complaint. I appreciate this will be very disappointing for Mr M. 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 M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 November 2023.

Jeshen Narayanan
Ombudsman