

## **Complaint**

Mrs M has complained about a personal loan Oplo PL Ltd (“Oplo”) which she says was unfairly lent to her. She says the loan was unaffordable.

## **Background**

Oplo provided Mrs M with a loan for £8,500.00 in July 2022. This loan had an APR of 18.2% and the total amount to be repaid of £12,631.40, which included interest fees and charges of £4,131.40, was due to be repaid in 60 monthly instalments of around £210.

One of our adjudicators reviewed what Mrs M and Oplo had told us. He thought that Oplo hadn’t acted unfairly by providing this loan to Mrs M and so didn’t think that the complaint should be upheld. Mrs M disagreed and asked for an ombudsman to review her 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 Mrs M’s complaint.

Oplo needed to take reasonable steps to ensure that it didn’t lend irresponsibly. In practice, what this means is that Oplo needed to carry out proportionate checks to be able to understand whether Mrs M could afford to make her repayments 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 provide loans to a customer irresponsibly.

Oplo says it approved Mrs M’s application after she provided details of her monthly income and some information on her expenditure. It says it cross-checked this against information on a credit search it carried out. In Oplo’s view all of the information it gathered showed that Mrs M could comfortably afford to make the repayments she was committing to. On the other hand, Mrs M has said she was already in difficulty and couldn’t afford this loan.

I’ve carefully thought about what Mrs M and Oplo have said. It’s clear that Oplo did obtain a reasonable amount of information before it decided to proceed with Mrs M’s application. And this information does appear to suggest that the loan repayments were affordable for Mrs M. I accept that Mrs M’s actual circumstances may not have been fully reflected either in the

information she provided, or the information Oplo obtained. And I know that Mrs M had outstanding debts.

However, the information from the time suggests that Mrs M was going to use the majority of the funds from this loan to settle other debts. I can see Mrs M did provide Oplo with an undertaking that she would be partially settling the outstanding balance on an existing account. I don't know if Mrs M did go on to do this. But Oplo could only make a reasonable decision based on the information it had available at the time. And I'm satisfied that the proceeds of this loan could and should have been used to reduce the balance on the account in the way that Mrs M had committed to.

It's also worth noting that as this was a first loan Oplo was providing to Mrs M, there wasn't a history of Mrs M obtaining funds and then failing to consolidate debts elsewhere in the way she committed to. So Oplo was reasonably entitled to believe that Mrs M would be left in a better position after being provided with this loan.

I accept that Mrs M's full circumstances may not be reflected in the information Oplo gathered or in the information she has since provided. But it's only fair and reasonable for me to uphold a complaint in circumstances where a firm did something wrong. Given the circumstances here, and the lack of obvious inconsistencies, I don't think that Oplo did anything wrong when providing this loan to Mrs M - it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable.

So overall and having considered everything, I don't think that Oplo acted unfairly or unreasonably when lending to Mrs M. And I'm not upholding this complaint. I appreciate this is likely to be very disappointing for Mrs M. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

Although I'm not upholding this complaint, I'd like remind Oplo of its obligation to exercise forbearance and due consideration should it intend to collect on the outstanding balance on Mrs M's loan and it be the case that she is experiencing financial difficulty.

### **My final decision**

For the reasons I've explained, I'm not upholding Mrs M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 14 August 2023.

Jeshen Narayanan  
**Ombudsman**