

## The complaint

Mr P complains that FUND OURSELVES Limited ("Fund Ourselves") gave him loans without carrying out sufficient and correct affordability checks.

## What happened

Mr P was advanced four loans and below is a table summarising his borrowing.

loan number	loan amount	agreement date	repayment date	number of monthly instalments	highest repayment per loan
1	£200.00	06/10/2021	07/10/2021	4	£88.00
2	£150.00	20/10/2021	10/01/2022	4	£68.40
3	£200.00	10/01/2022	03/02/2022	4	£94.00
4	£200.00	04/02/2022	29/04/2022	4	£96.08

Mr P referred his complaint to the Financial Ombudsman after it has been reviewed by Fund Ourselves who didn't uphold it.

The complaint was considered by an adjudicator, and she didn't think Mr P's complaint should be upheld. She concluded that proportionate checks had been carried out and there was no indication that either Mr P was in financial difficulties, or that the loans couldn't be repaid in a sustainable manner.

Mr P didn't agree and asked for the case to be reviewed and so the case has been passed to me to resolve.

## 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.

We've set out our general approach to complaints about this type of lending - including all the relevant rules, guidance and good industry practice - on our website.

Fund Ourselves had to assess the lending to check if Mr P could afford to pay back the amounts he'd borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. Fund Ourselves' checks could've taken into account a number of different things, such as how much was being lent, the size of the repayments, and Mr P's income and expenditure.

With this in mind, I think in the early stages of a lending relationship, less thorough checks might have been proportionate. But certain factors might suggest Fund Ourselves should have done more to establish that any lending was sustainable for Mr P. These factors include:

- Mr P having a low income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- The amounts to be repaid being especially high (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- Mr P having a large number of loans and/or having these loans over a long period of time (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable);
- Mr P coming back for loans shortly after previous borrowing had been repaid (also suggestive of the borrowing becoming unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable for Mr P. As there were only four loans granted within four months and some were repaid much quicker than contracted for the adjudicator didn't think this applied to Mr P's complaint and I agree.

Fund Ourselves was required to establish whether Mr P could sustainably repay the loans – not just whether he technically had enough money to make his repayments. Having enough money to make the repayments could of course be an indicator that Mr P was able to repay his loans sustainably. But it doesn't automatically follow that this is the case.

I've considered all the arguments, evidence and information provided in this context, and thought about what this means for Mr P's complaint. Having considered all the information provided, I have also concluded Fund Ourselves carried out proportionate checks and so it doesn't need to take any further action.

As part of his application, Mr P declared a monthly income for all of his loans of £1,800. Mr P was also asked to declare his outgoings across a number of different variables, such as outstanding debt, rent and travel. He declared these costs to be £1,085 per month for loan one and then £1,035 for loans two, three and four. Given these were the first loans that Mr S had been granted, I do think it was reasonable of Fund Ourselves to have relied on the information Mr P had provided.

Fund Ourselves believed, based on the information Mr P provided, that he had enough disposable income to afford the largest monthly loan repayment of £96.08. Therefore, it would've been reasonable for Fund Ourselves to believe the loans to be affordable.

Before the loans were approved, Fund Ourselves carried out a credit search before lending. But there wasn't a requirement for it to do so. But it did have to consider the information it received from the credit reference agency.

Having looked at the results, there wasn't anything that I can see that would've led Fund Ourselves to have either declined or have prompted it to have carried out further checks. All four credit searches showed Mr P hadn't defaulted on any accounts within the last 36 months and there hadn't been any accounts enter delinquency within the last 12 months. It also knew that Mr P didn't have any County Court Judgements.

I've also looked at the way the loans were repaid and I can see that loans one and three were repaid much quicker than planned and without any obvious repayment problems. So, I don't think when these loans were granted that the pattern of lending ought to have given Fund Ourselves cause for concern.

In this case, I can't say that a four-loan lending chain, where the second loan was smaller than the first ought to have been a red flag for Fund Ourselves to have carried out further

checks or to have declined the lending. The lending chain also wasn't large enough to have made Fund Ourselves conclude that Mr P was using them in an unsustainable manner.

This also means, that I don't yet think it had reached the point in the lending relationship where Fund Ourselves would've concluded it needed to have verified what Mr P was telling it. I appreciate that Mr P has provided copies of his bank statements. But in this case, taking account of the size of each payment and what Mr P declared it would've been disproportionate for Fund Ourselves to have viewed them.

Overall, Fund Ourselves carried out proportionate checks before each loan was approved - which showed Mr P could afford the repayments he was committed to making. I'm also satisfied it was entitled to rely on the information Mr P declared about his income and expenditure. There also wasn't anything else to suggest these loans would either be unaffordable or unsustainable for him.

So, I don't think Fund Ourselves did anything wrong when it approved the loans for Mr P and it therefore follows that I don't uphold the complaint.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 30 October 2023.

Robert Walker  
**Ombudsman**