

Complaint

Mr S has complained about a personal loan Oplo PL Ltd (“Oplo”) which he says was unfairly lent to him.

He says the loan was unaffordable.

Background

Oplo provided Mr S with a loan for £4,000.00 in August 2022. This loan had an APR of 43.81% and the total amount to be repaid of £5,713.64, which included interest fees and charges of £1,713.64, was due to be repaid in 24 monthly instalments of just under £240.

One of our adjudicators reviewed what Mr S and Oplo had told us. She thought that Oplo hadn’t acted unfairly by providing this loan to Mr S and so didn’t think that the complaint should be upheld. Mr S disagreed and asked for an ombudsman to take a look at his case.

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 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 Mr S could afford to make his 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 Mr 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.

In Oplo’s view all of the information it gathered showed that Mr S could comfortably afford to make the repayments he was committing to. On the other hand, Mr S has said he was already in difficulty and couldn’t afford this loan.

I've carefully thought about what Mr S and Oplo have said.

It's clear that Oplo did obtain a reasonable amount of information before it decided to proceed with Mr S' application. And this information does appear to suggest that the loan repayments were affordable for Mr S. I accept that Mr S' actual circumstances may not have been fully reflected either in the information he provided, or the information Oplo obtained. Furthermore, I know that Mr S had some outstanding debts and had previous difficulties with credit.

However, the information from the time suggests that Mr S was going to use some of the funds from this loan to settle other debts. I can see Mr S told Oplo that he'd settle the outstanding balance on another loan and he went as far as obtaining a settlement figure on that loan as part of this application.

I appreciate that Mr S may have gone on to take out further credit afterwards. But Oplo could only make a reasonable decision based on the information it had available at the time. It won't have known whether Mr S would go on to do this. And I'm satisfied that the proceeds of this loan could and should have been used to clear the debts Mr S had committed to settling.

It's also worth noting that as this was a first loan Oplo was providing to Mr S, there wasn't a history of Mr S obtaining funds and then failing to consolidate debts elsewhere in the way he committed to. So given the particular circumstances here, Oplo was reasonably entitled to believe that Mr S would be left in a better position after being provided with this loan. And it looks to me that this was the case until Mr S' circumstances changed a few months after taking out the loan.

I accept that Mr S' full circumstances may not be reflected in the information Oplo gathered or in the information he 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 Mr S – I don't think that finding out more about Mr S' credit repayments and living expenses would have shown the loan to be unaffordable.

So overall and having considered everything, I don't think that Oplo acted unfairly or unreasonably when lending to Mr S. And I'm not upholding this complaint. I appreciate this is likely to be very disappointing for Mr S. 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 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 Mr S' loan and it be the case that he is experiencing financial difficulty.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 31 July 2023.

Jeshen Narayanan
Ombudsman

