

Complaint

Ms S has complained about a personal loan Chetwood Financial Limited (trading as “Live Lend”) which she says was unfairly lent to her. She says she was provided with the loan at a difficult time and it ought to have been apparent that she couldn’t have afforded it.

Background

Live Lend provided Ms S with a loan for £6,500.00 in May 2022. This loan had an APR of 23.4% was due to be repaid in 35 monthly instalments of £243.52 followed by 1 final monthly instalment of £253.54.

One of our investigators reviewed what Ms S and Live Lend had told us. She thought that Live Lend hadn’t done anything wrong or treated Ms S unfairly when it provided this loan and so didn’t recommend that the complaint be upheld.

Ms S disagreed and asked for an ombudsman to review the 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 Ms S’ complaint.

Having carefully considered everything, I’m not upholding Ms S’ complaint. I’ll explain why in a little more detail.

Live Lend needed to take reasonable steps to ensure that it didn’t lend irresponsibly. In practice, what this means is that Live Lend needed to carry out proportionate checks to be able to understand whether Ms S 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.

Live Lend says it approved Ms 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 the funds going into her main bank account and it also carried out a credit

search it carried out which showed Ms S' had some existing commitments but these were being relatively well maintained at the time.

In Live Lend's view all of the information it gathered showed that Ms S could afford to make the repayments she was committing to. On the other hand, Ms S has said she already had a lot of debt and so she couldn't afford this loan.

I've carefully thought about what Ms S and Live Lend have said.

The first thing for me to say is that while Ms S is unhappy that the term guaranteed acceptance might have been used during the course of her application, it's clear that Live Lend did carry out checks before deciding whether to lend to her. My suspicion is that the term Ms S is unhappy with was used because the search engine Ms S used had already conducted some kind of soft checks in the background before the formal application was completed.

In any event and most importantly, Live Lend not only carried checks it didn't just accept what Ms S had said either. And it's clear that Live Lend did obtain a reasonable amount of information before it decided to proceed with Ms S' application. Having looked at the credit check, it's clear that Ms S had some existing debts. But there doesn't appear to be any significant adverse information recorded at the time.

Furthermore, while I accept that Ms S might not agree with this, I don't think that her existing debts were excessive in comparison to her declared income which had been cross-checked against what was going into her bank account each month. And these checks did not suggest that what was declared – which may have been declared to the search engine rather than Live Lend - was incorrect.

I accept that Ms S' actual circumstances may not have been fully reflected either in the information she provided, or the information Live Lend obtained. I know that she has confirmed that she's a carer and that she has a medical condition. I'm really sorry to hear about what Ms S told us about and it sounds like she's going through a difficult time.

However, I have to consider whether Live Lend ought to have suspected this. And I can't see how Live Lend would have known about this, or that there was anything else to indicate that Ms S might have been vulnerable, at the time it did its checks. What Live Lend did was carry out a series of checks in conjunction with the search engine that Ms S used. And all of the information obtained seemed to indicate that, at the time at least, Ms S could make the repayments that she was committing to.

There doesn't appear to be anything in what had been gathered that was inconsistent, difficult to explain or warranted any further explanation. Given the circumstances here, and the lack of obvious inconsistencies, I don't think that reasonable and proportionate checks would have extended into Live Lend doing anything further.

In these circumstances, I wouldn't expect a lender to have picked up what Ms S has said for itself – particularly as much of it is medical and it had no way of finding out about this unless Ms S provided this information, which she didn't in this instance. As this is the case, I don't think that Live Lend did anything wrong when providing this loan to Ms S - 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'm satisfied that Live Lend didn't treat Ms S unfairly or unreasonably when lending to her. And I'm not upholding Ms S' complaint. I appreciate this is likely to be very disappointing for Ms S – as she clearly feels strongly about

this matter. 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 Ms S' complaint, I would remind Live Lend of its obligation to exercise forbearance and due consideration (particularly bearing in mind what it has now been made aware of during the course of this complaint) in the event that it intends to collect the outstanding balance remaining and Ms S is experiencing financial difficulty.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 12 January 2024.

Jeshen Narayanan
Ombudsman