

The complaint

Mr and Mrs G complain that NRAM Limited irresponsibly approved an unaffordable loan.

What happened

Mr and Mrs G say they took out a personal loan in 2004 for just over £20,000. They say the loan was unaffordable and they were in financial difficulties at the time. In summary they say they were in arrears on their mortgage and credit card accounts. Mr and Mrs G say a County Court Judgement (CCJ) was obtained and there is now a charge on their property as a result of being unable to make the loan repayments. They would like the charge removed and say only a few repayments were ever made.

NRAM says it has limited information due to the age of the agreement. It has provided some evidence of a further loan taken out in 2005 and provided the payments history for the 2004 loan. NRAM doesn't accept making a mistake and says the loan defaulted in 2008.

Mr and Mrs G brought their complaint to us, and our investigator didn't uphold it. The investigator thought there was limited evidence about their financial circumstances from 2004. The investigator explained that we couldn't comment on a court order and didn't uphold the complaint.

Mr and Mrs G don't accept that view and have provided letters from the time period which they say shows they were in financial difficulties.

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.

Having done so I have come to the overall view that I don't uphold this complaint. I appreciate Mr and Mrs G will be disappointed by my decision.

Lenders and credit providers should carry out reasonable and proportionate checks on any loan or credit application. Those checks will of course vary depending on the amount and type of any borrowing. Due to the passage of time, nearly 20 years, NRAM has been unable to provide details of the checks that were made in 2004. I can't fairly hold NRAM responsible for that as it's not obliged to keep records going back that far. Equally neither are Mr and Mrs G able to provide evidence of their financial circumstances from that time from, for example a credit report or bank statements. So, I have come to the overall conclusion that there is simply no evidence here to fairly conclude that NRAM's lending decision was irresponsible and the lending unaffordable. And am satisfied that there is some evidence to suggest that Mr and Mrs G experienced financial difficulties after the loan was taken out which NRAM couldn't have fairly anticipated.

I can see from NRAM's records that the loan was taken out on 27 July 2004 for just over £20,000 and that payments appear to have been successfully made until about 2008. I can see that over that four-year period there were one or two missed payments that were quickly

rectified. I appreciate Mr and Mrs G say they were unable to make the required payments from soon after the loan was taken out, but I can't see any evidence that was the position. I'm satisfied that the records suggest on balance that the loan was affordable at the start, but circumstances changed and can see that Mr G has said he lost his job in 2007.

I have also looked carefully at the letters Mr and Mrs G provided from 2004 which they say show they were in financial difficulties at the time. I think the letters show a dispute between them and their bank, but I don't think they provide evidence of financial difficulties, rather evidence of a dispute between them and their bank. I can see that in one letter Mr G says he has deliberately decided not to pay his credit card account debt due to the ongoing problems between him and his bank.

I have looked at a further loan application that Mr and Mrs G made in 2005. That document says Mr and Mrs G's income was over £100,000 a year and their outgoings including other mortgage payments amounted to £3,000. There is also reference to rental income of £950 a month. I think it unlikely Mr and Mrs G would have provided inaccurate information for that second loan which I think again suggests on balance that their financial difficulties took place some time after the 2004 loan was taken out.

Overall, I have not seen any evidence on which I could fairly conclude NRAM acted irresponsibly by approving the loan in 2004 or that it was unaffordable at the time. And the evidence I have seen, persuades me to conclude on balance the loan was affordable at the time. It follows that I can't fairly order NRAM do anything further in the circumstances of this complaint and make clear that I can't fairly comment on a court order in any event.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs G to accept or reject my decision before 23 August 2023.

David Singh
Ombudsman