

The complaint

Miss J complains that Shelby Finance Ltd trading as Dot Dot Loans irresponsibly lent to her.

What happened

This complaint is about three instalment loans Dot Dot Loans lent to Miss J between August 2022 and November 2022. Miss J's borrowing history is as follows:

Loan number	Start date	Loan amount	Term	Repayment	End date
1	10/08/2022	£250	6 months	£83	17/10/2022
2	02/11/2022	£250	3 months	£137.64	17/02/2023

Our adjudicator didn't recommend that any part of Miss J's complaint should be upheld. He thought Dot Dot Loans did enough before lending and those checks showed Miss J could afford the loans.

Miss J disagreed and asked for an ombudsman's decision.

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.

Dot Dot Loans needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Miss J could repay the loans without undue difficulties. In essence, Miss J should be able to make repayments on time, while meeting other reasonable commitments; as well as without having to borrow to meet the repayments.

These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure. With this in mind, in the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate.

But certain factors might point to the fact that Dot Dot Loans should fairly and reasonably have done more to establish that any lending was sustainable for Miss J. These factors include:

- The *lower* a consumer's 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 *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income).

- The *greater* the number and frequency of loans, and the longer the period of time during which a customer has been given loans (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable).

Dot Dot Loans has provided evidence to show it asked Miss J about her monthly income and expenses, searched her credit file and it was based on the results of those checks it decided to lend.

Miss J's declared income was between £2,746 - £2,570, Dot Dot Loans says it verified her income electronically and found her declarations to be accurate. Miss J's declared monthly living costs were between £732 - £834, Dot Dot Loans says it verified these and found Miss J's expenses were around £1,846 - £2,165. I think the verification by Dot Dot Loans took into account what it could see from Miss J's credit file. Dot Dot Loans lent on the basis of the amounts it verified.

Given Miss J's income and living expenses including credit commitment, it's clear she was left with sufficient disposable income to afford both loan repayments. So I think Dot Dot Loans did enough before lending and it wasn't wrong to lend to Miss J in the circumstances.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 8 November 2023.

Oyetola Oduola
Ombudsman