

The complaint

Mr P complains that FUND OURSELVES LIMITED trading as Fund Ourselves irresponsibly lent to him.

What happened

The complaint is about three instalment loans Fund Ourselves lent to Mr P between February 2022 and October 2022. Mr P's borrowing history is as follows;

Loan number	Start date	Loan amount	Term	Repayment	End date
1	27/02/2022	£650	4 months	£315.90	09/05/2022
2	28/05/2022	£250	4 months	£123.50	27/08/2022
3	13/10/2022	£500	5 months	£200	n/a

Our adjudicator didn't think Fund Ourselves was wrong to lend any of the loans and so she didn't recommend that any part of Mr P's complaint be upheld.

Mr P 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.

Fund Ourselves 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 Mr P could repay the loans without the need to borrow further or suffer financial detriment. 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 Fund Ourselves should fairly and reasonably have done more to establish that any lending was sustainable for Mr P. 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 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).

I've carefully considered all of the arguments, evidence and information provided and what this all means for Mr P's complaint.

At the time of lending all three loans Fund Ourselves asked Mr P about his income and verified using tools from the credit reference agencies. It also searched Mr P's credit file. These checks showed Mr P's income for loan 1 was £2,879 and for loans 2 and 3 it was £3,109. Mr P declared his living costs including credit commitments for loan 1 £2,184, loan 2 - £2,058 and loans 3 - £1,991

Mr P's credit file showed he had historic defaults and several active accounts which he largely showed a good repayment history. He was in arrears in some of those accounts but the balances on them were reducing. There was nothing to suggest Mr P was reliant on short term lending.

Mr P had a number of revolving credit accounts and I've estimated that he'd be repaying around 5% towards his balance monthly. So, for loan 1, Mr P's monthly credit commitments were around £1,100. It increased to around £1,850 for loan 2 and by loan 3, it was around £1,100. Taking these credit commitments into account and Mr P's income, he'd have had sufficient income to cover his reasonable living costs, meet his monthly repayments and be left with some disposable income.

So, while there was some adverse information on Mr P's credit file, I don't think they should have prompted further checks or prevented Fund Ourselves from lending to Mr P. Overall, Fund Ourselves checks went far enough and those checks suggested Mr P could afford the loan repayments over their terms. In the circumstances, Fund Ourselves wasn't wrong to lend.

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 Mr P to accept or reject my decision before 8 November 2023.

Oyetola Oduola
Ombudsman