

Complaint

Ms G has complained about a loan TM Advances Limited (“TM Advances”) provided to her. She says TM Advances irresponsibly lent her this loan.

Background

One of our adjudicators reviewed what Ms G and TM Advances had told us. And he eventually reached the conclusion that TM Advances hadn’t lent irresponsibly. So he didn’t uphold Ms G’s complaint. Ms G disagreed and asked for an ombudsman to look at her 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 G’s complaint.

TM Advances needed to make sure that it didn’t lend irresponsibly. In practice, what this means is TM Advances needed to carry out proportionate checks to be able to understand whether Ms G could afford to repay 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 lend to a customer irresponsibly.

TM Advances provided Ms G with a loan for £3,000.00 in September 2021. It was to be repaid in 40 instalments of £249, which meant the total amount to be repaid was £9,960.00.

TM Advances says it agreed to Ms G’s application after she provided details of her monthly income and expenditure. It says it cross-checked this against information on a credit search it carried out on Ms G and her bank account transactions.

The information Ms G provided about her income and expenditure showed she’d be able to comfortably make the repayments she was committing to. TM Advances says, in these circumstances it was reasonable to lend. On the other hand, Ms G has said she was in financial difficulty and shouldn’t have been lent to.

I’ve carefully thought about what Ms G and TM Advances have said. The first thing for me to say is that this was Ms G’s first loan with TM Advances. The information provided does

suggest Ms G was asked to provide details of her income and expenditure and TM Advances didn't just rely on what it was told.

Equally while Ms G did have some previous difficulties with credit in the form of a settled county court judgement ("CCJ") from 2018 and other missed payments in 2020. But Ms G provided a reasonable and plausible explanation for this. And I don't think that it was unreasonable for TM Advances to accept this explanation in circumstances where she was settled.

I accept that Ms G's actual circumstances may not have been accurately reflected in the information gathered. But when Ms G's monthly expenditure is deducted from her income, I don't think it can be reasonably concluded that there was no reasonable prospect of Ms G being able to make the payments to this loan without undue difficulty or borrowing further. On the contrary it appears as though the information gathered suggested that Ms G had sufficient funds to be able to make her payments.

I'd also add that it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. And, in this case, I don't think that TM Advances did anything wrong in deciding to lend to Ms G – as it looks to be the case that reasonable and proportionate checks didn't show the monthly loan repayments to be unaffordable.

As this is the case, I'm not upholding Ms G's complaint. I appreciate this will be very disappointing for Ms G. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

My final decision is that I'm not upholding Ms G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 11 September 2023.

Jeshen Narayanan
Ombudsman