

## The complaint

Miss C complains about Tandem Personal Loans Ltd, trading as Oplo, irresponsibly lending her £10,000.

## What happened

In April 2022, Miss C took out a £10,000.00 loan with Tandem for a term of 24 months for home improvements. The total amount repayable was £13,513.64 at £563.07 per month.

Miss C explains that she was vulnerable at this time due to covid, being young and living alone and in debt to family. She thought she would be able to make these payments but soon realised she couldn't. Miss C says that she is now in a debt management plan, her credit is ruined, and her mental health has been affected.

Miss C complained to Tandem as she feels they should've gone through her income, expenditure and the '*seriousness of loaning that amount of money*'. She feels their lending decision was irresponsible as there was 'no way to pay back the Oplo loan along with all my other out goings'.

Tandem explained their robust underwriting process and said this demonstrated that they'd lent responsibly.

Miss C brought her complaint to our service and our investigator said he didn't think Tandem had acted fairly, as they should've built a more detailed picture of Miss C's financial situation. However, as Tandem disagree and believe their lending decision was correct this complaint has been referred to me to look at.

I issued a provisional decision on 18 March 2024, and this is what I said:

*I've considered the relevant information about this complaint.*

*Based on what I've seen so far, there will be a different outcome to what our investigator proposed. Before I issue my final decision, I wanted to give everyone a chance to reply.*

*I'll look at any more comments and evidence that I get by 8 April 2024. But unless the information changes my mind, my final decision is likely to be along the following lines.*

*What I've provisionally 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, my provisional decision is not to uphold this complaint and I will explain how I've come to my decision.*

*I'll focus on what I think are the important points to reach a final decision. But I've carefully considered all the points made, even though I don't specifically address them all.*

*I looked closely at the checks Tandem completed before it made a decision to lend Miss C £10,000, to see if these:*

- *Were thorough and proportionate*
- *Assessed Miss C's ability to afford the loan and repay it sustainably over a short 2-year term, without causing her any financial difficulties or harm*

*I found that Tandem did a number of proportionate checks. They used Credit Reference Agency (CRA) data to verify the £1,900 net monthly income that Miss C declared. They then calculated her disposable income as £304.61 per month by deducting the loan amount, mortgage, living costs and unsecured credit commitments. And to ascertain a debt-to-income ratio of 49.57% they used a combination of Miss C's declaration, CRA data reports and information from the Office for National Statistics (ONS).*

*As mentioned by both Miss C and our investigator, who analysed the information on file, Tandem didn't have a full picture of Miss C's debt and monthly disposable income. They didn't know about another loan she had just taken out. This was for an additional £5,000, so another payment of £223 per month which further reduced her monthly disposable income to £81.61. And I think it more likely than not that had Tandem known this, they would've made a different lending decision.*

*Whilst recognising:*

- *Tandem's procedure is to use CRA checks to establish a full picture on her credit*
- *The £223 monthly loan repayment with Company A wasn't on the CRA report*

*I then considered all the information Tandem had available and whether they should've been more diligent requesting bank statements which would've shown the missing loan, extra repayment amount and much lower disposable income.*

*Tandem say that due to the Company A loan being 'taken out not long before the loan with us' it isn't uncommon for this not to appear on the CRA report, and rather than request statements their failsafe is a combination of the customer declaration and customer phone call. I think this is fair and reasonable considering a newly acquired loan may not yet show on bank statements.*

*From reviewing the file, I think it more likely than not that Miss C didn't declare this loan. This is because this information hasn't been captured on Tandem's system and when I asked Miss C if she'd informed Tandem she said:*

*'I don't think I told Oplo, this is because they never asked'.*

*I listened to the call and although the Tandem representative didn't ask if Miss C had recently taken out any loans, the representative highlighted it was a high amount over a short period and checked if this was manageable. Miss C said 'yes' and volunteered the following information:*

*'I've paid all my credit cards. I've got extra money. It's going on home improvements, so I'll get it back when I sell my house'.*

*I found these comments to be consistent with the call discussion about overpaying credit and the reason stated on the application. Also, Miss C said her income was between £1,900 and £2,000 and when talking about her ability to make repayments didn't mention:*

- *The loan she'd just taken out with company A*
- *Any family debt*
- *Any Covid difficulties, despite this being discussed*

*So, from this and other information on file, including a subsequent lack of notification of any difficulties to Tandem, I think it more likely than not that Miss C's financial circumstances changed at a later date after she unfortunately lost the money that Tandem loaned to her for her home improvement and house sale plans.*

*So, having considered the above and all the information on file, I don't think Tandem made an error here. I think their processes were thorough and proportionate and they assessed Miss C's ability to afford and repay the loan without causing her financial difficulty or harm. And although I'm sympathetic to Miss C's circumstances and appreciate my decision will be very disappointing, I'm not upholding this complaint.*

### **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.

I would like to thank both parties for responding before the deadline.

Tandem said they had nothing further to add.

Miss C was dissatisfied and said:

- She couldn't understand how I considered Tandem had made a thorough evidenced based check as:
  - *They 'didn't know about any of my out goings because they didn't ask'*
  - *'It's their professional duty to make sure they go through all of that with me before just lending'.*
  - *It was 'a 5-minute conversation on the phone where I'm saying I could repay which I thought I could or I wouldn't have got it out'.*
  - *'My bank statements at the time you can clearly see I couldn't afford that monthly with all my outgoings'*
- *She didn't think she 'was in a bad situation at the time I needed someone to advise that taking this loan would put me in a difficult position'.*
- *'Even if I didn't end up spending it on home improvements It's irrelevant what I would spend it on as I wasn't going to sell my house. I meant it would add value to it if I was to sell it'.*
- *'Why should I pay interest on something that should have never been lent to me'.*
- *'How is it my fault they didn't get all the relevant information they needed before putting a young customer in this much debt?'*

So, I looked at everything again and made some further enquiries about the missing information from the CRA which Tandem relied upon together with information from both Miss C and the Office for National Statistics (ONS).

From a second review of the information Tandem assessed, although they didn't request bank statements, I think they had a good understanding of Miss C's outgoings. And although their above mentioned checks didn't include an analysis of bank statements, which can be difficult to determine, I found them to be reasonable and proportionate.

The information that Tandem didn't consider was:

- A. A second 24 month loan Miss C had just taken out with company A for £5,000
- B. Miss C's family debt, which appears to be approximately £4,500
- C. Debt to friends accrued during Covid

Without considering her debt to family or friends, the impact of just the second loan meant the £304 disposable income Tandem had calculated reduced to £81. So, as I think it would've been unlikely and irresponsible for Tandem to lend on this basis, I again considered if they should've been aware of the additional loan and debt.

Whilst I appreciate Point A would've been noticed if Tandem's procedure was to scrutinise statements, they would normally pick up:

- The second £5,000 loan through a live CRA report and / or their telephone assessment call
- The £4,500 family debt in their telephone assessment call
- The friends debt in their telephone assessment call

And I think this procedure is reasonable and proportionate.

The £5,000 loan wasn't on the live CRA report. I think it more likely than not that this wasn't a CRA error but the loan being so recent that it hadn't yet been added, and I'm satisfied this wasn't a Tandem error.

I then listened again to Tandem's telephone assessment call, which I found to be thorough. It was 15 minutes long, and I found there were opportunities for Miss C to mention:

- The second 24 month loan she had just taken out
- The family and friends debt
- Financial issues during covid

Also, there was an opportunity to adjust the loan period and decrease the repayment amount which she declined.

In addition, I found Miss C to be very confident that she could afford the loan. Also, her loan request and comments on the call suggested she was in full control of her money. I say this because:

- There were detailed discussions about her credit cards and repayments she had made.
- Miss C said *'I've paid all my credit cards. I've got extra money. It's going on home improvements, so I'll get it back when I sell my house'*.
- The Tandem representative asked several questions about affordability and to each Miss C responded in the affirmative.
- Miss C confirmed she could comfortably afford the loan and was in no way overstretching herself.
- Miss C spoke positively rather than negatively about the impact of Covid on her finances

Also, Miss C appears to have unfortunately later lost the loan money and, as she was struggling, I couldn't see that she approached Tandem for help which could've included a payment break or a longer loan with lower repayments which they had suggested on the call.

So, having considered everything again, I'm satisfied that the checks that Tandem completed were thorough and proportionate and they assessed Miss C's ability to afford and repay the loan without causing her financial difficulty or harm. And there was no evidence of

financial difficulty on the credit checks and assessment call, and they showed that the agreement was likely to be affordable to Miss C.

I empathise with Miss C's difficult situation, but I don't think Tandem have treated her unfairly here and I'm not upholding this complaint.

### **My final decision**

My final decision is that I'm not upholding this complaint against Tandem Personal Loans Ltd trading as Oplo.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 31 May 2024.

Paul Douglas  
**Ombudsman**