

The complaint

Miss B complains that Oplo PL Ltd lent her a loan when it shouldn't have. She says she had a pattern of being poor with handling money and had Oplo carried out sufficient checks, it would have seen this.

What happened

Oplo lent Miss B one loan in February 2022, the loan was for £7,000 to be repaid in 60 monthly instalments, the highest repayment amount was £184.09. Miss B has struggled to keep up repayments on her loan.

When Miss B complained to Oplo it didn't uphold her complaint, so she referred it to this service. One of our adjudicators looked at what both parties had said and concluded that Oplo hadn't irresponsibly lent to Miss B, and so didn't recommend that her complaint should be upheld.

Miss B disagreed and said proper checks including verifying her financial circumstances with payslips and bank statements would have shown Oplo she was struggling financially.

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.

Oplo is aware of its obligation under the regulator's rules to lend in a responsible manner. Before lending money to a consumer, a lender should take proportionate steps to understand whether the consumer could repay without borrowing further or suffering significant adverse consequences.

A lender should gather enough information for it to be able to make an informed decision on the lending. Although the guidance and rules themselves didn't set out compulsory checks, they did list a number of things a lender could take into account before agreeing to lend. The key thing was that any checks needed to be proportionate and had to take into account a number of different things, including things such as how much was being lent and when what was being borrowed was due to be repaid. A business should also take into account and react appropriately to what it knew about the consumer at the time it made its lending decision.

Oplo has provided evidence from the point sale of the loan, from what I've seen, Oplo asked Miss B about her income. She declared she was employed full time and had a monthly income of around £1,484.14 – this included child benefits she received.

Oplo also asked Miss B about her monthly living expenses, Miss B declared she had a partner who paid a lot of the household bills and so Oplo worked out Miss B was responsible for around 50% of the household bills, including the mortgage payments. Oplo worked out Miss B's living costs were around £848.52.

Oplo searched Miss B's credit file and the information on the credit file showed Miss B had several defaults recorded on her credit file from 2018. Those defaulted accounts were showing as settled at the point of sale of this loan. The credit file also showed Miss B was in a debt management plan in 2018. Oplo followed its checks with a phone call with Miss B where it asked her about her debt management plan. She explained she had interest built up on her credit account and believed a debt management plan was best for her at the time as she could make a single fixed monthly payment towards both her credit accounts. The debt management plan had ended by the time of this loan.

This was Miss B's first loan with Oplo, the loan repayment was small in proportion to her income and as her credit file showed she only had three active unsecured credit accounts at the time, all of which she said she was consolidating with this loan, I think Oplo's checks went far enough.

I can see Miss B did have a number of defaults on her account but as stated, these were over three years before the lending and those accounts didn't have any outstanding balances. Also, Oplo called Miss B to discuss the debt management plan, I've listened to that call, and I think it was reasonable for Oplo to accept Miss B's explanation at the time. Also, as Miss B had said her partner paid a lot of the bills, Oplo still lent based her paying 50% towards the household bills.

I understand Miss B has suggested she was a compulsive spender and was poor with handling money, I don't think this was something that would have been apparent Oplo at the time it lent. I don't think it would have been reasonable for Oplo to assume that defaults from more than three years ago reflected Miss B's financial circumstances when it was lending. Oplo wasn't obliged to request payslips or bank statements and in the circumstances of this case, I think its checks were reasonable.

I've thought about what those checks showed, considering Miss B's income, expenses and credit commitment (which was the repayment of this loan following consolidation of other debts), Miss B had sufficient disposable income. Oplo was reasonable to conclude she could repay the loan over the term.

Overall, I don't think Oplo lent when it shouldn't have and I won't be asking it to write off the debt or refund interest, fees and charges paid towards the loan.

I appreciate Miss B feels strongly about her complaint and has said she's struggling financially. Oplo had previously placed her account in 'breathing space' and I will remind it of its duty to treat her positively in financial difficulty. It should work with Miss B to agree a plan to repay what she owes.

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 B to accept or reject my decision before 29 August 2023.

Oyetola Oduola
Ombudsman