

## The complaint

Miss B complains that Harvey & Thompson Limited ("H&T") lent to her in an irresponsible manner.

## What happened

Miss B was given three loans by H&T between July 2017 and April 2018. Each of the loans was due to be repaid in monthly instalments as shown below but Miss B repaid each of them far earlier than planned. A summary of Miss B's borrowing from H&T is as follows;

Loan Number	Borrowing Date	Repayment Date	Loan Amount	Number of Instalments
1	26/07/2017	31/07/2017	£ 250	6
2	15/08/2017	31/08/2017	£ 350	5
3	12/04/2018	30/04/2018	£ 600	9

Miss B's complaint has been assessed by one of our adjudicators. She didn't think H&T had been wrong to give any of the loans to Miss B. So she didn't think the complaint should be upheld.

Miss B didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

## 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. We've set out our general approach to complaints about short-term lending - including all of the relevant rules, guidance and good industry practice - on our website.

H&T 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 that Miss B could repay the loans in a sustainable manner. 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 H&T should fairly and reasonably have done more to establish that any lending was sustainable for a consumer. These factors include:

- the *lower* a customer'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).

I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Miss B's complaint.

I think it would first be helpful to consider the pattern of Miss B's borrowing. She repaid each loan within at most a couple of weeks of taking it out. Given that she had planned to repay the loans over a far longer period that might have caused the lender some additional concerns. But there was also a significant gap between loans 2 and 3. Miss B didn't borrow from H&T for over seven months. So that might have helped reduce any concerns about Miss B's finances being under pressure.

H&T did some checks before it gave each of the loans to Miss B. It asked her for details of her income and her normal expenditure. And it checked her credit file before agreeing each loan. I've seen a summary of the results of the credit checks and they don't show anything that I think should have caused additional concerns to the lender.

The information a consumer might see, when they request a copy of their credit file, might be very different to that seen by a lender. A lender might only see a small portion of the credit file, or some data might be missing or anonymised, or the data might not be up to date. So, this would explain any differences between the information provided by H&T's credit checks and the information Miss B says the lender should have seen.

I think that the checks H&T did before agreeing each of the loans were proportionate. The amounts that Miss B needed to repay were small compared with the disposable income she'd declared. Given these repayment amounts, what was apparent about Miss B's circumstances at the time, and her borrowing history with the lender, I don't think it would've been proportionate for H&T to ask her for the amount of information that would be needed to show the lending was unsustainable before agreeing any of loans. So I don't think H&T was wrong to lend to Miss B.

I appreciate that Miss B says her finances were under pressure at that time. And that is apparent from the bank statements she has sent us that show her borrowing from other short term lenders and spending large amounts on what appear to be online gambling transactions. But the true state of Miss B's finances wasn't something that she shared with H&T when she asked for the loans. And I don't think it is something that H&T should have discovered from proportionate checks. So I don't think this complaint should be upheld.

### **My final decision**

For the reasons given above, I don't uphold the complaint or make any award against Harvey & Thompson Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 3 July 2020.

Paul Reilly  
**Ombudsman**