

The complaint

Mr M complains that APFIN LTD (trading as cashasap.co.uk) "Cashasap" was irresponsible in its lending to him.

What happened

This complaint is about the instalment loan Cashasap provided to Mr M in January 2018. The loan was for £250 repayable over three monthly instalments of around £112.

Mr M said that at the time of the loan he was gambling and was taking out multiple loans to pay for this. He said his bank statements would have shown this.

Cashasap says that before the loan was provided it gathered information from Mr M about his income and expenses. It said it was entitled to rely on the information Mr M provided and that based on the information received the loan repayments were affordable.

Our adjudicator didn't uphold this complaint. He didn't think it would have been proportionate for Cashasap to have to ask Mr M for the amount of information needed to show the lending was unsustainable.

Mr M didn't agree with our adjudicator's view.

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.

Cashasap 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 Mr M 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.

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

Before the loan was provided to Mr M, Cashasap gathered information about his income and expenses. Mr M's monthly income was recorded as £1,500 and his total monthly expenses (including other credit commitments) were recorded as £1,165. I understand Mr M's comments that had his bank statements been checked then Cashasap would have been aware of his gambling. However I do not find that Cashasap was required to do this.

Cashasap was required to carry out proportionate checks and this doesn't mean that it is required to see copies of bank statements (although in certain cases this may be appropriate). This was Mr M's first loan and the repayment amounts compared to his monthly income weren't significantly large. I find, at this stage in the lending relationship, the checks carried out were proportionate. Cashasap relied on the income and expenses information provided by Mr M and, in this case, given it was Mr M's first loan and I haven't seen anything that would raise concerns that would require further investigation, I think that relying on Mr M's information was reasonable.

Mr M has explained he had a gambling addiction. While I am very sympathetic to Mr M's situation, I have nothing to show that Cashasap was aware of this at the time of lending and as I think the checks were proportionate and based on these checks the loan repayments appeared affordable, I do not find I have enough evidence to uphold this complaint.

As Mr M has made Cashasap aware of his situation. Cashasap should treat Mr M positively and sympathetically in regard to any ongoing discussion about the repayment of any outstanding balance on the loan.

My final decision

My final decision is that I do not uphold this complaint against APFIN LTD.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 June 2020.

Jane Archer
Ombudsman