

The complaint

Mr T complains that PDL Finance Limited (trading as Mr Lender) was irresponsible to lend to him.

What happened

Mr T had three loans from Mr Lender between February 2015 and August 2016 as follows:

<u>Loan</u>	<u>Date</u>	<u>Amount</u>	<u>Term</u>	<u>Max Monthly Repayment</u>	<u>Due</u>	<u>Repaid</u>
1	17 Feb 2015	£500	6m	£235.33	28 Aug 2015	On time 2 late payments
2	29 Aug 2015	£500	6m	£207.33	26 Feb 2016	29 Jan 2016 1 late payment
3	5 May 2016	£250	6m	£89.99	26 Oct 2016	26 Aug 2016

Mr T says the loan repayments were unaffordable and had Mr Lender carried out better checks it would have seen that. He says the loans trapped him into a debt spiral, and he had to borrow again to cover the repayments. Mr T adds that he had multiple short-term loans and was spending large amounts on gambling as well as borrowing from friends and family. He says this resulted in him entering into a debt management plan.

Mr Lender says it asked Mr T about his income and expenditure and checked his credit file. It says all the loans met its criteria, but, as a gesture of goodwill, it offered Mr T a £25 retail voucher.

Our adjudicator did not recommend the complaint should be upheld. She considered Mr Lender had carried out proportionate checks and there was nothing in the available information to indicate Mr T was struggling financially.

Mr T responded to say, in summary, that he was aware of similar complaints that had been upheld and that the assessment didn't take into account the amount of gambling he was doing at the time. He says if Mr Lender had known this he doubts it would have approved the loans.

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. Mr Lender was required to lend responsibly. It should have made checks to make sure Mr T could afford to repay the loans before it lent to him. Those checks needed to be proportionate to things such as the amount Mr T was borrowing, and his lending history. But there was no set list of checks Mr Lender had to do.

Loan 1

When Mr T applied for his first loan, Mr Lender asked about his income and expenditure and found his disposable income was over £1,000. I've seen the results of its credit check and I can't see there was anything which should have indicated to Mr Lender that it needed to do further checks. I'm satisfied it was entitled to rely on the information provided by Mr T at this stage of the lending relationship, so I can't conclude it was wrong to approve loan 1.

Loan 2

Mr T applied for loan 2 the day after he'd repaid his first loan and told Mr Lender it was for car repairs. I can see Mr Lender was satisfied with Mr T's explanation for the late payments on loan 1 and that it was a short-term issue with his wages. As Mr T repaid loan 1 on time, his credit check results were again satisfactory and his disposable income was unchanged, I consider it reasonable for Mr Lender to have approved the loan with no further checks.

Loan 3

It was over three months before Mr T applied for his third loan. Because of this, and the fact that the loan was for half the previous amount, again I'm satisfied that a check of Mr T's income and expenditure, plus a credit check, was proportionate in the circumstances. Mr T's declared disposable income remained over £1,000 and, as the highest repayment on the loan was under £90, I'm satisfied Mr Lender would have found the loan to be affordable.

I accept Mr T says he was spending a significant amount on gambling at the time, but, for the above reasons, I don't consider it would have been proportionate for Mr Lender to have carried out further checks. Indeed, I can see from Mr Lender's contact notes that Mr T confirmed the loans would not be spent on gambling at the time of each application.

Finally, I acknowledge Mr T says other similar complaints have been upheld but I need to consider each complaint based on its own merits.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 28 May 2020.

Amanda Williams
Ombudsman