

The complaint

Mrs K says S.D. Taylor Limited trading as Loans at Home (LAH) lent to her irresponsibly. She says that every time she had made a few repayments the agent encouraged her to take further borrowing to increase the amount of interest she would repay. She says the agent didn't check if the loans were affordable.

What happened

This complaint is about 34 home credit loans LAH provided to Mrs K between March 2007 and June 2020. Some of the information LAH has provided about the loans is below:

loan number	date started	amount borrowed	loan number	date started	amount borrowed	loan number	date started	amount borrowed
1	08/03/2007	£200	13	23/12/2010	£200	24	12/12/2013	£250
2	22/11/2007	£200	14	23/12/2010	£200	25	24/07/2014	£225
3	22/11/2007	£200	15	16/06/2011	£400	26	24/07/2014	£225
4	01/05/2008	£0	16	17/11/2011	£250	27	24/07/2014	£300
5	08/05/2008	£1,110	17	17/11/2011	£250	28	04/12/2014	£400
6	08/05/2008	£246	18	26/04/2012	£400	29	04/12/2014	£400
7	24/07/2008	£200	19	13/12/2012	£250	30	18/06/2015	£400
8	24/07/2008	£200	20	13/12/2012	£400	31	18/06/2015	£400
9	06/11/2008	£200	21	13/12/2012	£250	32	18/06/2015	£200
10	02/07/2009	£250	22	12/12/2013	£250	33	24/12/2015	£400
11	10/06/2010	£200	23	12/12/2013	£400	34	24/12/2015	£200
12	10/06/2010	£400						

Our adjudicator upheld Mrs K's complaint and thought the loans from loan 7 onwards shouldn't have been given. They thought that LAH should've realised, from the pattern of lending, that Mrs K's indebtedness was increasing unsustainably and so it wouldn't be right to continue to lend to them. LAH disagreed and so the complaint was passed to me.

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 irresponsible lending – including all of the relevant rules, guidance and good industry practice – on our website. Broadly speaking, this all means that LAH needed to take reasonable steps to ensure it didn't lend irresponsibly. In practice, this means it should have carried out proportionate checks to make sure Mrs K could repay her loans in a sustainable manner. Additionally, there may come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable.

Applying this to the circumstances of this particular complaint, I have reached the same outcome as our adjudicator, for essentially the same reasons.

I've considered the pattern of lending up to loan 7 and I think the lending history and pattern of lending itself clearly demonstrates that further lending would likely be unsustainable. So I think LAH was irresponsible to continue lending after this point.

I've considered the points LAH made in response to the adjudicator's view. It says that due to the passage of time it didn't have enough information to show what checks it did. But it was wrong to assume that it didn't do any checks at all, or inadequate checks.

But these aren't new points – and it's the pattern of lending itself rather than the checks the business did that is the main consideration by loan 7. This pattern doesn't demonstrate to me that the lending from 24 July 2008 was sustainable. So the points raised by LAH haven't changed my decision and I'm upholding this complaint in part.

Putting things right

- refund all interest and charges Mrs K paid on loans 7 to 34;
- pay interest of 8% simple a year on any refunded interest and charges from the date they were paid (if they were) to the date of settlement†;
- the number of loans taken from 24 July 2008 onwards means any information recorded about them is adverse. So all entries about loans approved from this point onwards should be removed from Mrs K's credit file.

† HM Revenue & Customs requires LAH to take off tax from this interest. LAH must give Mrs K a certificate showing how much tax it's taken off if they ask for one.

My final decision

For the reasons given above, I'm partially upholding Mrs K's complaint.

S.D. Taylor Limited should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 4 September 2020.

Andy Burlinson
Ombudsman