

The complaint

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

What happened

Mr S had two loans from Mr Lender between June and December 2017 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	28 Jun 2017	£300	6m	£106	1 Dec 2017	29 Dec 2017 1 deferral
2	29 Dec 2017	£400	6m	£156.26	15 Jun 2018	Transferred to DCA*

* Debt Collection Agency

Mr S says Mr Lender didn't carry out proper affordability checks and, had it done so, it would have found the repayments were unaffordable to him. He says he had to borrow money elsewhere to make the repayments and couldn't pay priority bills.

Mr Lender says it asked Mr S for information about his income and outgoings and checked his credit file. It says it considers its checks were proportionate and the loans met its responsible lending criteria. However, as a gesture of goodwill, Mr Lender offered Mr S a £25 retail voucher and said it would remove any adverse information from his credit file.

Our adjudicator did not recommend the complaint should be upheld. He found that Mr Lender had carried out proportionate checks and there was nothing in the available information to indicate the lending was unsustainable.

Mr S responded to say, in summary, that he didn't agree with the outcome and didn't receive Mr Lender's final response so did not have a chance to accept its offer. He added that he had multiple short-term loans at the time, had exceeded his credit card limit and also had a large outstanding loan. Mr S said that if Mr Lender had asked to see his bank statements it would have seen his income fluctuated and he had a gambling problem. He also says that his repayment history on loan 1 indicated he was in difficulty as well as loan 2 being bigger than loan 1. However, Mr S said he would now accept the goodwill offer from Mr Lender.

Mr Lender confirmed the offer it made was no longer available to Mr S.

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 the relevant rules, guidance and good industry practice - on our website.

Mr Lender was required to lend responsibly. It should have made checks to make sure Mr S could afford to repay the loans before it lent to him. Those checks needed to be

proportionate to things such as the amount Mr S was borrowing, and his lending history. But there was no set list of checks Mr Lender had to do.

Loan 1

I'm satisfied Mr Lender did enough checks when it assessed Mr S's first loan application and there was nothing in the available information to indicate the repayment was unaffordable.

Loan 2

Mr Lender asked Mr S about his income and expenditure and carried out a credit check before it approved loan 2. I'm satisfied these checks went far enough because:

- This was only Mr S's second loan with Mr Lender and the repayments were a small proportion of the £1,900 income he'd declared;
- Mr Lender was entitled to rely on the information provided by Mr S at this stage of the lending relationship;
- Mr Lender calculated Mr S's disposable income to be £430, making the highest repayment of £156.26 affordable to him;

I accept Mr S says he had other short-term credit commitments at the time, but Mr Lender asked him to declare such repayments when it asked for his expenditure. I also acknowledge that Mr S deferred one of his repayments on loan 1 by paying only interest for one month, but I don't consider that to be evidence on its own that Mr S was in financial difficulty.

I've seen the results from Mr Lender's credit checks at the time and there was nothing to indicate it should have carried out further checks or that the lending was unsustainable. I accept Mr S says his bank statements would have shown a fluctuating income and a gambling problem, but Mr Lender was not obliged to request bank statements before making its lending decision and I find the checks it did carry out were proportionate to the circumstances of the loan applications. So I can't conclude it was wrong to approve loan 2.

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 S to accept or reject my decision before 4 August 2020.

Amanda Williams

Ombudsman