

The complaint

Mr A says Western Circle Ltd trading as Cashfloat, irresponsibly lent to him. He says that if it had looked properly into his circumstances it would've seen that he had adverse credit file makers and not lent to him.

What happened

This complaint is about five payday loans Cashfloat provided to Mr A between March and July 2019.

loan number	date started	amount borrowed	term (days)	date ended
1	18/03/2019	£300	39	16/04/2019
2	16/04/2019	£500	73	08/06/2019
3	09/06/2019	£600	110	13/06/2019
4	14/06/2019	£500	95	04/07/2019
5	04/07/2019	£500	113	13/07/2019

I can see that Mr A used a bank chargeback facility to recall some of the repayments he made towards loans 2 to 5 after he had repaid them. He did this in around September 2019. Some of the loans are not fully repaid now because of this. But this doesn't affect my consideration of Mr A's irresponsible lending complaint as it happened after the time of sale.

Our adjudicator didn't uphold the complaint. He said that it was reasonable for the business to rely on the information it gathered for the earlier loans. It should've made better checks for the later loans, but the information Mr A provided didn't show that it was irresponsible to approve these loans.

Mr A disagreed with the adjudicator's opinion. He said he had some other high cost credit and some car finance. This meant it was irresponsible to lend to him. As no agreement has been reached the complaint has been 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 Cashfloat 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 Mr A could repay their 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.

loans 1 - 3

For loan 1 Mr A needed to repay around £400 the month after taking the loan. Mr A borrowed a greater amount for loan 2 and he was scheduled to repay around £375 over the next two months. He needed to make four repayments of around £275 for loan 3.

I've seen a record of the information Mr A provided when he completed his loan applications for these first three loans. Mr A said he had a monthly income of at least £3,400 for the first loan and around £4,000 for loans 2 and 3. He had regular monthly outgoings that averaged around £1,500. So, it would have been reasonable for Cashfloat to think that Mr A could afford the loan repayments based on the information he provided.

I haven't seen any further information that shows its likely Cashfloat was made aware of any financial problems Mr A might've been having. Or anything that would've prompted it to investigate his circumstances further. So, I think it was reasonable for Cashfloat to rely on the information it obtained for these first three loans.

loans 4 - 5

As the adjudicator said, I can accept that going forward, for loans 4 and 5, it would've seemed likely that Mr A was having some longer term financial problems. And he was borrowing similar amounts to before but making the repayments over a longer timeframe. And so Cashfloat should've looked further into his circumstances.

Mr A has said that if Cashfloat had done this it wouldn't have lent to him due to the amount of other debt he had. But I've looked at the information on the credit report he has supplied to us. I can see, as he says, that he had some longer-term finance arrangements. He had also used short term and high cost credit in the past. But he had very little shorter-term credit outstanding when he took these loans from Cashfloat. So, I think that even if Cashfloat had looked further into his circumstances before approving loans 4 and 5 it would still have lent to him.

So overall, in these circumstances, I think the assessments Cashfloat did for loans 1 to 5 were proportionate. So, I think Cashfloat's decisions to lend for these loans were reasonable and I'm not upholding Mr A's complaint about them.

My final decision

For the reasons set out above, I don't uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 15 April 2021.

Andy Burlinson
Ombudsman