

The complaint

Miss K complains Match The Cash Limited trading as Guarantormyloan.tv unfairly brought about two unaffordable guarantor loans for her.

What happened

Match The Cash brought about two loans for Miss K via its electronic lending system:

Date of loan	Capital Amount	Term	Monthly repayments (approx.)	Total repayable value (approx.)
March 2016	£2,500	48 months	£106	£5,082
November 2016	£3,500	36 months	£169	£6,097

Miss K brought her complaint about unaffordability to our service in February 2020. Our investigator reviewed the complaint and upheld it. He said Match The Cash hadn't completed reasonable and proportionate enquiries. And had it done so, he said it should have identified the loans weren't affordable for Miss K and it shouldn't have brought them about.

Miss K accepted our investigators conclusions. Match The Cash disagreed. In summary, it said it completed reasonable and proportionate enquiries and found the loans to be affordable. It said it had no reason to suspect some of Miss K's transactions to a payment site were to gambling companies; and that Miss K hadn't made it aware of any issues during its calls which made the loans unaffordable. It also said it was aware Miss K had been using payday lenders; and some of her credit accounts were in arrangements. But it said its checks demonstrated the loans were affordable.

As Match The Cash didn't agree the complaint has been passed to me to decide.

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.

The relevant rules, regulations and guidance at the time Match The Cash brought about these P2P agreements required it to carry out reasonable and proportionate checks or enquiries to assess Miss K's ability to afford the loans and repay them sustainably over their terms, without causing her financial difficulties.

There isn't a set list of enquiries Match The Cash needed to carry out, but they should be proportionate, taking into account things like the type, amount, duration and total cost of the credit, as well as the borrowers individual circumstances.

It isn't enough for Match The Cash to just complete proportionate enquiries – it must also carefully consider the information it obtains from these enquiries to go on and make a fair decision in bringing about the loans.

I'll deal with each loan in turn.

Loan One

Match the Cash has said it completed an income and expenditure assessment with Miss K before arranging the loan. It also says it conducted a credit file check and obtained a recent bank statement covering a period of 30 days to verify the information. It also says it had calls with Miss K before arranging the lending and based on these checks Match The Cash is satisfied the loan was affordable.

I've considered whether the enquiries Match The Cash made were reasonable enough to progress with Miss K's application; and having done so I'm not persuaded they were. I say this because although Match The Cash completed a number of checks, I consider the information it obtained through these enquiries suggested further steps were needed to make them proportionate.

The recent and historic evidence from Miss K's credit file shows she had problems managing her finances. This strongly suggests she wouldn't be able to sustainably meet the commitments of any further lending; and that further lending would cause her financial harm.

The credit file Match the Cash obtained shows a high level of debt that had significantly increased within a relatively short and recent period of time. Miss K had opened 13 credit accounts within the 12 months leading up to this loan. These were largely unsecured loans and advances against her income; and she had an active total balance of around £18,000 at the time of this application (not including her mortgage). One of the accounts with a value of £3,000 was taken just one month before this application.

The credit file also shows Miss K had three defaults registered within the most recent nine months totalling over £10,000; with the most recent default of £5,000 having been registered just one month before this application.

Miss K was also behind with her payments on five of her other credit accounts – some of which appear to have been in a delinquent position for over six months. And at least one account appears to be in an arrangement.

So, while Match The Cash says it completed proportionate enquiries; I disagree. In particular I'm satisfied the information outlined above demonstrated that it needed to go further to understand Miss K's financial situation; and in particular it needed to verify her outgoings. As it didn't do this, I'm satisfied Match The Cash's enquiries were not proportionate in this instance.

Miss K has provided this service with her bank statements covering a period of three months before loan one. I consider Match The Cash needed to obtain a thorough understanding of Miss K's financial position through its enquiries before arranging this loan. And while it obtained Miss K's bank statement covering 30 days, I don't consider this period of time provided it with enough information to obtain a thorough understanding of her financial circumstances.

These statements show multiple transactions to a betting company totalling £2,275 in December 2015 and £905 in January 2016. Across February 2016 there are no direct transactions to betting companies – but there are a number of transactions via a payment site which are of a similar high frequency and high individual value. These total over £7,000 across the month. Miss K has told us these payments were to betting companies. I think had Match The Cash made reasonable and proportionate enquiries it would have identified this

information which it ought to have considered before coming to its decision to arrange this lending for Miss K.

Across these months there are several unpaid direct debits and standing orders. And there are credits from individuals with references such as '*loan*'. In each month after Miss K is paid there are standing orders debiting her account to individuals with references such as '*thank you*'. I consider this strongly suggests Miss K was borrowing from family and friends on top of other lenders.

I consider all of this information suggests Miss K wasn't able to sustainably meet her existing commitments. She had recent defaults and delinquent accounts and was having to borrow money from a number of lenders and what appears to be family and friends. This places considerable doubt on the disposable income figure of approximately £570 that Match The Cash calculated Miss K had as part of its enquiries. And as the purpose of this loan is documented as home improvements, Match The Cash was aware that it would be further adding to Miss K's total indebtedness and monthly credit commitments.

I'm persuaded it's clear from this information that Miss K's historic and recent problems managing her money were enough to demonstrate to Match The Cash that further lending wouldn't be sustainable and would cause her financial harm.

As such, I'm satisfied Match The Cash didn't act fairly or reasonably towards Miss K when it brought about this loan.

Loan two

Loan two was brought about in November 2016 and some of the funds were used to settle loan one.

Match The Cash has said it completed the same enquiries into Miss K at loan two as it did at loan one. It has said its enquiries showed Miss K could sustainably afford loan two and its decision to arrange the lending was reasonable.

I've explained above why I consider Match The Cash didn't act fairly or reasonably by arranging loan one. And it follows, for similar reasons, that I don't agree it acted fairly or reasonably in relation to loan two either.

Miss K's financial position from loan one hadn't improved – in fact it had got worse. The credit file Match the Cash obtained as part of its enquiries shows two further accounts had defaulted and her mortgage was now in arrears; as well as two other credit accounts. During one of its calls Match The Cash asked Miss K if she had ever defaulted on any credit to which she answered '*no*'. So, Match The Cash had conflicting information here but didn't seem to pick up on this or make further enquiries.

Miss K's bank statements covering three months before loan two show she was still making large payments to a payment site (identified above as gambling transactions); and was still borrowing from other high cost lenders and what appears to be family and friends. Her bank account entered an unauthorised overdraft position on a number of occasions and there's further evidence of unpaid direct debits and standing orders across the three months; including fees and charges for this. One of these direct debits is to a debt management charity, indicating Miss K had sought debt advice and may be in some form of arrangement with her existing creditors.

Loan two was further increasing Miss K's overall indebtedness and the amount she needed to repay towards her credit commitments each month; and it was clear from her financial position that she couldn't afford this increase.

So, I'm satisfied further lending wouldn't have been sustainable for Miss K and it therefore follows Match The Cash didn't act fairly or reasonably when bringing about loan two.

Putting things right

As Miss K has ended up paying additional interest and charges on guarantor loans brought about by Match the Cash failing to act fairly and reasonably; I'm satisfied she has lost out because of what Match the Cash did wrong. As such it needs to put things right.

In order to do so I require Match the Cash Limited trading as Guarantormyloan.tv to:

- Refund all interest, fees and charges from the loans and add 8% per annum simple interest from the date they arose to the date of settlement. †
- Remove any negative information recorded on Miss K's credit file regarding these loans.

† If Match the Cash Limited trading as Guarantormyloan.tv considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss K how much it's taken off. It should also give Miss K a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons set out above, my decision is that I'm upholding Miss K's complaint about Match The Cash Limited trading as Guarantormyloan.tv and I direct it to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 3 December 2021.

Richard Turner
Ombudsman