

The complaint

Mr W complains that TM Advances Limited irresponsibly lent him two loans.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts are not in dispute, so I'll focus on giving the reasons for my decision.

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.

Having done so, I agree with the conclusions reached by the adjudicator for these reasons:

- On the evidence, I think TM Advances should have taken its checks further by gaining a clear understanding of Mr W's financial circumstances at the time, I say this because the number of unsecured loans its credit search revealed should have been concerning to it. I think the searches for both loans suggest that Mr W may have had wider financial problems and given the term of the loans, TM Advances should have done more to satisfy itself that Mr W could sustain the repayments over the terms.
- I've reviewed Mr W's bank statements from the time of the loans to get a better understanding of his financial circumstances, and these suggest that Mr W was gambling significant amounts on a regular basis, his gambling transactions were eroding his £4,600 income significantly. For example, in the month before loan 2, Mr W spent over £10,000 on gambling transactions.
- Mr W was also borrowing from several short-term high cost lenders and the pattern of his spending suggests that he was taking out loans to repay other loans and fund his gambling habit.
- Proportionate checks by TM Advances would have revealed this and it would have been aware that the lending wasn't sustainable for Mr W and in those circumstances, it has lent to Mr W when it shouldn't have.

For these reasons, my decision is to uphold Mr W's complaint.

Putting things right

To Put things right TM Advances should:

- a. Add together the total of the repayments made by Mr W towards interest, fees and charges on both loans.
- b. Add 8% simple interest* on the individual payments made by Mr W which were considered as part of above, calculated from the date of payment if they were, to the date of settlement
- c. If TM Advances chooses, it may – use the total of "a" plus "b" to repay any principal

which it may have written-off.

- d. Pay any remaining refund to Mr W. If there is no refund left and still a balance outstanding made up of written-off principal, it would not be fair for you to pursue this further.
- e. Remove any adverse information you have recorded on Mr W's credit file in relation to the loans.

*HM Revenue & Customs requires you to deduct tax from this interest. TM Advances should give Mr W a certificate showing how much tax you've deducted, if they ask for one.

My final decision

My final decision is that this complaint should be upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 14 September 2021.

Oyetola Oduola
Ombudsman