

The complaint

Mr W complained that JDB Enterprise Group Ltd trading as Fast Loan UK acted irresponsibly when it gave him an unaffordable loan.

What happened

Mr W took out a loan as follows:

loan	start date	date repaid	instalments	loan amount	instalment amount
1	3/10/2020	4/1/2021	6	£300	£86.85

Mr W mainly said that if Fast Loan had done appropriate checks it would have realised that he wasn't in a position to afford this loan – and that he would have to borrow more money to repay it.

Our adjudicator didn't uphold this complaint. She didn't think that the information gathered raised concerns that the loans wouldn't be affordable or that Fast Loan saw anything that should've prompted it to do more checks before agreeing to lend.

Mr W disagreed with our adjudicator's view and asked for an ombudsman to look at his complaint. Mr W mainly said that the loan was paid back early due to a gambling win, not because it was affordable. He told us that at the time he was already utilising his full overdraft of £1000 and also up to a £1000 limit on a credit card. He also told us that before taking this loan he had taken loans from other payday lenders including a £400 loan on the 30/09/2020 and on 2/10/2020 a £500 loan. He felt strongly that with an already adverse and poor credit score Fast Loan should have done more to make sure the loan was affordable for him. Mr W sent us bank statements in support of what he told us about his financial situation.

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

I've used this approach to help me decide this complaint. And having done so, I've come to the same overall conclusions as our adjudicator and I'm not upholding the complaint. I'll explain my reasons.

Fast Loan provided Mr W with high-interest loans intended for short-term use. So Fast Loan needed to make sure that it didn't provide them irresponsibly.

Fast Loan was required to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr W before providing it. Our website sets out what we

typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship. But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high.

And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

I've carefully considered all of the arguments, evidence and information provided and what this all means for Mr W's complaint.

Fast Loan says it agreed to Mr W's applications after carrying out creditworthiness and affordability checks. It looked at payslip information to ensure it had a proper understanding of his income. Fast Loan asked Mr W about his regular monthly spending and relied on information Mr W provided about his expenditure as well as information obtained from credit reference agencies. It said the information it had about Mr W showed that repaying the loan shouldn't become difficult for him - and in these circumstances it was reasonable to lend.

As this was the first time Mr W had borrowed from Fast Loan, at this early stage, Mr W didn't have any track record with the lender that should've alerted Fast Loan to any underlying money problems.

The information Fast Loan gathered about Mr W's finances suggested that he was well able to afford this borrowing. I can't see that there was anything in the information Mr W provided or the other information Fast Loan had gathered, which meant that Fast Loan should've taken more steps to check the information Mr W had declared.

From what I've seen from its checks, bearing in mind that borrowers applying for loans of this type often have other credit on their record and sometimes an impaired credit history, there wasn't anything that I'd expect a lender to be unduly concerned about at this stage. I don't think Fast Loan had any reason to think that Mr W's credit card use (which it was aware of from its checks) was a reason to think the loan wasn't sustainably affordable. And I don't think the fact he was also making full use of an overdraft facility at the bank was a reason to think he wouldn't be able to pay this loan in a sustainably affordable way.

Fast Loan's credit checks didn't flag up any other outstanding short term loans. But it's worth remembering that a lender might only see a small portion of a borrower's credit file, or some data might be missing or anonymised or not up to date. I also understand that not all payday and short term lenders report to the same credit reference agencies. So a lender's credit check might not show all the information someone could see (or expect to see) on their own credit file. And it's not surprising that loans Mr W had taken out very shortly before this one didn't at that stage show on Fast Loan's credit checks.

Fast Loan did allow for him paying £200 towards loan repayments on top of his other monthly expenses based on the information Mr W declared.

I've taken into account that Mr W feels that Fast Loan didn't do all the checks he thinks it should've done before agreeing to lend to him. But on the figures Fast Loan had gathered it looked like the loan should've been sustainably affordable for Mr W. And, looked at overall, I don't think Fast Loan had any reason to think that it needed to do more or better checks into his financial situation before making its lending decision. Mr W's overall indebtedness and the fact he seemed to be managing his credit responsibly with no indication of any serious money problems didn't suggest it wasn't responsible to provide this loan. Also

bearing in mind that it was early in the lending relationship, I think the checks were enough for Fast Loan to agree to lend. So I don't uphold Mr W's complaint.

I'm sorry that Mr W has found repaying all his borrowing difficult. And I accept that in reality it looks likely that Mr W's financial situation wasn't fully reflected either in the information he provided or the other information Fast Loan obtained. But I hope that setting out the reasons as I've done will help explain how I've reached my decision.

My final decision

For the reasons I've given, I don't uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 20 July 2021.

Susan Webb
Ombudsman