

The complaint

Mr B complains that Gracombex Ltd, trading as The Money Platform, should never have lent to him.

What happened

Using information supplied by The Money Platform, here is a brief summary of the approved loans. I have included the gaps in the lending relationship here as The Money Platform refers to these. I address these points later in the decision.

<i>Loan</i>	<i>Approved</i>	<i>Amount</i>	<i>Term and instalments</i>	<i>Repaid amount (rounded)</i>	<i>Repaid date</i>
1	29 February 2020	£250	8 weeks in two instalments	£331	20 April 2020
2	23 July 2020			£335	18 September 2020
3	16 October 2020			£296	20 October 2020
4	5 December 2020			£307	22 December 2020
5	27 December 2020			£0	late

The Money Platform has sent to us detailed information relating to the credit checks and information it had gathered before lending to Mr B. This included details about his monthly income of £2,170, his rent of £275, his declared expenditure which ranged from £490 to £546 and the Office for National Statistics (ONS) data it added on top. This ONS figure was around £490 for each loan.

The Money Platform also carried out credit checks and it has sent those results to this Service. It says that Mr B had plenty of disposable income and in *'In summary, the customer has a credit [sic] of reasonable credit usage and no reported arrears or defaults.'*

One of our adjudicators looked at the complaint and thought that at loan 4, The Money Platform ought to have realised that Mr D had become persistently reliant on these loans. She felt that loans 4 and 5 should be ones which The Money Platform put right for Mr D.

The Money Platform disagreed and made several points which I addressed in the provisional decision I issued on 19 October 2021. The provisional findings are set out in the main body of this final decision and form part of it. It is in smaller type to differentiate it.

I gave time for both parties to come back to me with additional points and evidence. Both parties have responded. The complaint remained unresolved and was 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.

We have set out our general approach to complaints about short-term lending - including all the relevant rules, guidance and good industry practice - on our website.

The Money Platform needed to take reasonable steps to ensure that it did not lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mr B could repay the loans in a sustainable manner. These checks could include several different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure.

In the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate. But certain factors might point to the fact that The Money Platform should fairly and reasonably have done more to establish that any lending was sustainable for the consumer.

These factors include:

- having a low income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the amounts to be repaid being especially high (reflecting that it could be more difficult to meet a higher repayment from a level of income);
- having many loans and/or having these loans over a long period of time (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable);
- coming back for loans shortly after previous borrowing had been repaid (also suggestive of the borrowing becoming unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable.

The Money Platform was required to establish whether Mr B could sustainably repay his loans – not just whether the loan payments were affordable on a strict pounds and pence calculation.

The loan payments being affordable on this basis might be an indication a consumer could sustainably make their repayments. But it doesn't automatically follow this is the case. This is because the Consumer Credit Sourcebook ("CONC") defines 'sustainable' as being the ability to repay without undue difficulties. The customer should be able to make repayments on time, while meeting other reasonable commitments, and without having to borrow to meet the repayments.

And it follows that a lender should realise, or it ought fairly and reasonably to realise, that a borrower will not be able to make their repayments sustainably if they need to borrow further in order to do that.

My provisional findings dated 19 October 2021

I have carefully considered all the arguments, evidence and information provided in this context and what this all means for Mr B's complaint.

Gaps in the lending

The Money Platform says that the gaps in the lending relationship with Mr B means that there are separate lending chains. It has calculated that one gap was around 94 days and another around 46 days. My current thinking is that these gaps were too short to break the chain. Usually we consider that to have occurred with larger periods of non-lending. So, I am planning to treat the whole lending relationship period as one lending chain.

However, I do agree with The Money Platform that these breaks of 94 and 46 days do make an impact on the 'repeat lending' argument. The gaps do suggest that Mr D had not become reliant on the Money Platform credit. This is the reason I am issuing a provisional decision as I disagree with our adjudicator's view on this aspect.

Irresponsible lending

I think that The Money Platform had obtained enough information to adequately assess the affordability of loans 1 to 4 for Mr B and the checks it carried out were proportionate. Each of the loans was for a relatively modest sum of £250 and over a short term of 56 days (8 weeks). The highest scheduled repayment for each was around £181 and those seemed affordable on the information it had. I am planning not to uphold loans 1 to 4.

Loan 5 – I think that a full financial review may have been appropriate at this stage and I say this because it was the fifth loan for Mr B in ten months and the second one in the same month – December 2020. Mr B had just taken a loan earlier in the same month and then paid it off and come back from more credit a few days later. Effectively Mr B had applied for £500 in one month from The Money Platform and so additional checks may have been justified.

In order to come to a provisional decision, I need to be clear on what it was The Money Platform was likely to have discovered if it had carried out a full financial review of Mr B's circumstances before approving loan 5. To do that I have the information The Money Platform has provided to me plus copy bank statements for November and December 2020. Mr B has sent to us a copy of his credit report dated 12 April 2021 which covers the lending period.

Having reviewed all of those then I do not see evidence which leads me to think that Mr B was unable to support the repayments for loan 5. Mr B's bank statements are of an account which show many transfers to what appears to be another account which looks to have been held by Mr B. And the account statements I have show that Mr B did have other debt but it's not clear the extent of that debt, the impact on his day to day living situation, what his income and expenditure was and what his actual financial position was. I don't have a full picture as I have been sent a set of statements showing a partial picture.

I am planning not to uphold Mr B's complaint about loan 5.

Additional point raised by Mr D.

Mr D has mentioned in his complaint form when he referred it to this Service, that The Money Platform's FRL referred to a traumatic life event which was incorrect, as he says that he never mentioned that in his complaint to it. He says this has affected him.

I asked The Money Platform for a copy of Mr D's original complaint and it does not contain any reference to such a traumatic event. And I have read the FRL and I can find no reference to that either. So, as neither party seems to have made any mention of such an event in Mr D's life then there's no more I can say on that point.

How have both parties responded?

On the irresponsible lending part, Mr B has expressed disappointment but has not sent to me any further evidence or copy bank statements. The Money Platform has agreed with my provisional decision. So, on that part I see no reason to alter my provisional findings and my outcome remains unchanged – I do not uphold Mr B's complaint about irresponsible lending.

On the additional point made by Mr B, he sent to us a copy of the FRL he had received and it did contain the paragraph relating to him having suffered a traumatic event. This differs from the FRL copy version we had received from The Money Platform as part of this investigation and so I asked it to explain.

A Money Platform representative has written to me on this point and has explained it was '*human error*' and accepts that the FRL version sent to Mr B included '*...the erroneous paragraph regarding "My mental health state of mind".*' A reviewed and amended version was sent to this Service which was a mistake. In its defence, The Money Platform's representative has said '*...that the paragraph is not used in any type of negative connotation. Reading the paragraph, we are providing a link to where the customer may gain support.*'

It apologises for the mistake.

Mr B has not articulated how this paragraph in the FRL affected him. It may have been startling to receive such a paragraph in the letter from The Money Platform but having read Mr B's original letter of complaint in which he had not raised any mental health issues, then I think he would have appreciated this was a mistake.

I accept The Money Platform's explanation. However, I think it was careless and may have made Mr B feel that his complaint was being treated in a formulaic manner when an irrelevant paragraph such as this was included in his FRL and clearly not meant for him.

It may be that The Money Platform feels it ought to write to Mr B to apologise. I think the apology in its recent explanation to us, was directed to this Service.

Having thought about it I do not consider that any recompense is required.

My final decision

My final decision is that I do not uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 November 2021.

Rachael Williams
Ombudsman