

## **Complaint**

Mr B has complained that Match the Cash Limited (“Match the Cash”) unfairly brought about an unaffordable guarantor loan for him. He says any checks would have shown that he already had two guarantor loans, missed payments on his existing agreements and multiple default.

## **Background and my provisional decision of 11 May 2021**

Match the Cash operated the electronic system in relation to lending which led to Mr B being provided with a guarantor loan in September 2014. The loan was for £3,000.00. The loan had a 36-month term and an APR of 48.9%. This meant that the total amount of £5,226.12, including interest of £2,226.12, was due to be repaid in 36 monthly instalments of £145.17.

Mr B’s complaint was reviewed by one of our adjudicators. She thought that Match the Cash unfairly approved Mr B’s loan. So she upheld the complaint. As Match the Cash disagreed with our adjudicator’s view, the complaint was passed to an ombudsman.

On 11 May 2021, I issued a provisional decision setting out my initial findings on Mr B’s complaint. I won’t copy that decision in full, but I will instead provide a summary of my findings.

Having carefully considered everything, I considered it fair and reasonable to have expected Match the Cash to have carried out reasonable enquiries into Mr B’s circumstances to check that he’d be able to make the payments to this loan.

As I understood it, Match the Cash enquiries suggested Mr B was employed and earning around £2,269.00 a month. This was verified with three months’ worth of payslips. Mr B’s payslips showed that an amount was being deducted to cover council tax arrears. I also saw that Match the Cash carried out a credit check which showed Mr B had defaulted on 10 separate accounts. And that 62 separate searches, most likely as a result of applications for credit, were carried out in the 12 months leading to the application for this loan.

Given these circumstances, I thought it fair and reasonable to have expected further enquiries and for further evidence on Mr B’s financial circumstances to have been requested in order for it to have been fair and reasonable for Match the Cash to have approved this loan. I noted that Match the Cash said Mr B had explained that his past issues had been due to a previous separation and his council tax arrears and that he intended to overpay on this loan as he’d cleared his previous arrears. But I didn’t think that this was a plausible explanation bearing in mind the sheer number of previous defaults and Mr B’s need for further funds at a time where his financial position was supposedly improving.

So I thought that Match the Cash needed to obtain further information from Mr B to better understand his financial position before it brought about this loan for him. I thought that had this information been requested, Match the Cash would more likely than not have discovered that Mr B was gambling significant sums of money and this was the real reason for his previous credit difficulties.

In these circumstances, I thought that Match the Cash ought to have realised that Mr B was simply unlikely to be able to make the payments to this loan without experiencing financial difficulty. And as this was the case, I found that Match the Cash's failure to properly look into Mr B's circumstances meant that it didn't act fairly and reasonably towards Mr B when it brought about this guarantor loan for him.

As Mr B ended up paying interest and charges on a guarantor loan brought about by Match the Cash failing to act fairly and reasonably towards him, I was satisfied that Mr B lost out because of what Match the Cash did wrong. And I confirmed my intention to issue a final decision which said that Match the Cash needed to put things right.

### **Responses to my provisional decision**

Mr B responded to confirm receipt of my provisional decision and his acceptance of it. He also provided nothing further for me to think about.

Match the Cash also responded. It disagreed with my provisional decision and in summary it said:

- I'd departed from the findings of our adjudicator on whether the checks were proportionate and hadn't explained why.
- My provisional decision said multiple credit searches highlighted that Mr B was gambling and using the money for this. But while Mr B was making applications for credit the credit report did not identify any significant credit being entered into.
- It obtained three payslips, a credit report and a copy of Mr B's most recent bank statement before it decided to lend. It believes this amount of information was both reasonable and proportionate for a loan of £3,000.00. This information was used to verify the verbal income and expenditure assessment completed. It's unclear what information could have been requested in addition to Mr B's bank statement.
- Mr B hadn't disclosed his gambling at the time of the application or during the course of his complaint. This wasn't something the adjudicator had referred to either.

Although I've summarised and only set out the main points of Match the Cash's response, I can confirm that I've read and carefully considered all of the arguments it has made.

### **My findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having considered Match the Cash's arguments, I think it's necessary for me to clarify a couple of matters.

Firstly, as I was passed Mr B's case after Match the Cash disagreed with the adjudicator and asked for an ombudsman's decision my role was and remains to consider the complaint afresh and reach my own determination. It isn't to replicate the adjudicator's assessment or offer a critique of her findings in the way Match the Cash appears to be suggesting.

I'm satisfied I explained the reasons for my provisional decision and why I considered Match the Cash's checks before bringing about Mr B's loan weren't reasonable and proportionate. But for the avoidance of doubt and the sake of clarity, I think it would be useful for me to explain that it wasn't enough for Match the Cash to simply request information from Mr B. It

needed to also reasonably evaluate, judge, appraise or scrutinise the information provided in order to have acted fairly and reasonably towards Mr B.

It isn't in dispute that Match the Cash did obtain a significant amount of information. And it's possible that this information may well have been enough to support approving a loan application for £3,000.00 in certain circumstances. But I don't think it was enough to support approving this loan application in these circumstances. In my view, Match the Cash didn't apply a fair and reasonable degree of scrutiny to what was obtained, even when it didn't obviously support Mr B's income and expenditure declarations nor support his explanation regarding the previous difficulties repaying credit, which the credit search showed he'd had.

I want to be clear that I'm not saying this, in itself, meant it wasn't fair and reasonable for Match the Cash to bring about Mr B's loan. What I'm saying is it would have been fair and reasonable to find out more about Mr B's circumstances and that if this had been done the real reasons for Mr B's previous difficulties repaying credit would have been apparent.

I also think Match the Cash has misunderstood my provisional decision. Match the Cash refers to my provisional decision finding that multiple credit searches highlighted Mr B was gambling and using the money for this. But Mr B's credit file doesn't indicate that any applications for credit were successful. However, my provisional decision simply didn't say the multiple credit searches highlighted Mr B was gambling. What the provisional decision said was the 62 (not 69) searches indicated Mr B had a number of applications for credit. Whether it's 62 individual applications or not (the search information indicates most of these searches took place on different days and are unlikely to all be due to broker involvement), I think this was indicative of someone who may have been desperate for credit. And it should fairly and reasonably prompted further investigation, rather than an unsubstantiated assumption that this was as a result of online broker involvement.

It's also my view that Match the Cash is disingenuously querying what further information it could possibly have obtained from Mr B as it already had a bank statement from him. As a regulated firm, I'd expect Match the Cash to know that what it obtained from Mr B wasn't a bank statement, but rather a list of the transactions made to and from his account. This 'transaction list' showed the types and amounts of the transactions on the account but not where the vast majority of them were being made to. And it's clear that most of the outgoings were as a result of point of sale transactions and account transfers.

While it's not clear who the payee is on the transaction list this isn't the case on the bank statements themselves. On the bank statements, it is immediately apparent that the vast majority of point of sale transactions are clearly being made to gambling companies. Given the sheer amount of the transactions, Mr B's previous repayment difficulties and Match the Cash says the transaction list was requested to assess Mr B's ability to repay any loan approved, I think it's perfectly fair and reasonable to have expected Match the Cash to have queried what these transactions on the transaction lists were, rather than turning a blind eye to them. This is why I think it's fair and reasonable to have expected Match the Cash to have found out the real reason for Mr B's previous repayment difficulties and wanting this loan.

I'd also add that Mr B disclosed his difficulties with gambling in our completed complaint form, which was sent to Match the Cash when we asked for its file of papers. It might not have agreed with what Mr B says, but I simply don't agree that it wasn't informed of this prior to my provisional decision, or that it isn't a relevant consideration here.

Overall and having considered all of the further points Match the Cash has made, I've not been persuaded to alter the conclusions that I reached in my provisional decision. And I remain satisfied that the available evidence supports Match the Cash having failed to act fairly and reasonably towards Mr B when bringing about this loan. As this is the case and

Mr B went on to pay interest and charges on a loan that should never have been brought about in the first place, I'm satisfied that Mr B lost out as a result of Match the Cash failing to act fairly and reasonably towards him.

### **Fair compensation – what Match the Cash needs to do to put things right for Mr B**

I've carefully thought about what Match the Cash should do to put things right in this case. Match the Cash says it only received an arrangement fee as a result of operating the platform and that any interest Mr B paid was passed directly to the lenders on the platform. In its view, this means that the arrangement fee is all Mr B is entitled to as a result of his complaint being upheld.

However, I've already explained that Mr B's loss as a result of Match the Cash not acting fairly and reasonably towards him when operating the lending system which brought about this guarantor loan, is all the interest and charges he paid. I don't think that the interest being paid to the lenders on the platform, rather than Match the Cash means it isn't responsible for these losses, or that it's fair and reasonable for Mr B to bear the cost of this.

So having considered everything, including Match the Cash's submissions in relation to what it considers to be fair compensation in this case, I think it is fair and reasonable for Match the Cash to put things right for Mr B in the following way:

- refund all the interest, fees and charges Mr B paid on this loan;
- add interest at 8% per year simple on any interest, fees and charges paid from the date they were paid by Mr B to the date of settlement†;
- remove any adverse information recorded on Mr B's credit file as a result of this loan.

† HM Revenue & Customs requires Match the Cash to take off tax from this interest. Match the Cash must give Mr B a certificate showing how much tax it has taken off if he asks for one.

### **My final decision**

For the reasons I've explained, I'm upholding Mr B's complaint. Match the Cash Limited should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 25 June 2021.

Jeshen Narayanan  
**Ombudsman**