

The complaint

Mr H complains about two logbook loans provided to him by CarCashPoint limited, ("CarCashPoint") which he says were unaffordable.

What happened

CarCashPoint provided Mr H with 'log book' loans. These loans were granted on the basis that Mr H provided CarCashPoint with a bill of sale for his car. This meant that if Mr H didn't make his loan repayments, CarCashPoint could potentially recoup its losses through the sale of the vehicle.

I looked into whether these 2 loans were given to Mr H fairly. The details are as follows:

Number	Amount	Date taken	Weekly instalments	Weekly amount	Total to repay	repaid
1	£1200	09.02.2019	78	£40.31	£3144.18	Outstanding
2	£500	11.03.2019	156	£14.75	£1801.00	Outstanding

Mr H says the loans were unaffordable and shouldn't have been given to him.

I issued a provisional decision on this complaint in June 2021. Both parties have received a copy of that provisional decision, but for completeness I include an extract from the decision below. I said;

"As set out above, CarCashPoint gathered some information from Mr H about his income and expenses before it agreed the loans.

Did CarCashPoint carry out proportionate checks?

As I've already mentioned, I've seen how CarCashPoint asked about Mr H's financial circumstances for both loans, but I'm not satisfied that these checks went far enough on either occasion. For loan 1, I don't think CarCashPoint did enough when it checked Mr H's expenditure. It asked Mr H for bank statements, but he didn't provide them and instead showed it his partner's statements. Mr H told it he didn't have a bank account but has since told our service that he didn't want to disclose his statements to CarCashPoint. I have thought about this, and don't think that it could have reasonably relied on the statements provided by Mr H regarding his partner's account to give an accurate reflection of what he was paying at that time. The statements provided gave little detail about regular financial expenditure, and I think CarCashPoint should have asked for more information about this. I say this because the loan term was over 78 weeks and I think it needed to ensure that the weekly repayments were sustainable over this long period of time.

I can see that CarCashPoint carried out the same checks and used similar information for loan 2 as well. This loan was to be over a longer period of 156 weeks and was to run alongside loan 1 and so it follows that I make the same conclusion that it should have carried

out further checks to ensure that Mr H could afford to make the higher repayment and for longer.

For the above reasons, I consider CarCashPoint's checks should have included a full review of Mr H's financial circumstances, including further verification of his expenditure so it could ensure that the loan repayments were affordable or if Mr H. So, I don't think the checks it carried out for either loan were proportionate.

What would reasonable and proportionate checks have shown?

I need to think about what CarCashPoint would have seen if it had carried out proportionate checks. Our adjudicator asked Mr H to provide his bank statements from around the time he applied for the loan. I'm not suggesting here that this is the check that CarCashPoint should have done and I do acknowledge that Mr H told it that he no longer had an account. But I think looking at the bank statements he has now provided would give me the best picture of what the lender should have seen if it had asked for more.

I have reviewed Mr H's bank statements that covered the period of time before and up to the point he took loans 1 and 2. There is not a lot of expenditure on these statements and I can only see a small number of low value gambling transactions along with a couple of payments to the County Court. These payments on their own wouldn't suggest to me that Mr H was struggling to manage his finances or that the loan repayments were unaffordable for him at the time each loan was granted.

In conclusion, I do think CarCashPoint should have carried out better checks when it agreed to lend to Mr H on both occasions. But based on what I have in front of me, including the additional information provided by Mr H, I don't think the loan repayments were unaffordable for him at the time he was granted the loan. So, I am minded to conclude, that further checks wouldn't have shown that CarCashPoint lent irresponsibly to Mr H.

So, for the reasons set out above, I'm currently not upholding Mr H's complaint."

I asked both parties to let me have any comments, or additional evidence, in response to my provisional decision. CarCashPoint has not responded by the deadline given.

Mr H responded on 10 June 2021 and disagreed with my provisional decision. He said he downplayed his outgoings so he would be more likely to be accepted for the loan. He says if CarCashPoint had questioned what he told them (that his partner paid the majority of the bills) then it would have uncovered what he was actually spending on his expenditure and not given him the loans.

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.

Mr H says CarCashPoint should have done more to find out what Mr H's expenditure actually was. If it had done this, Mr H says, it would have seen that he couldn't afford the loans. He says if they had looked further they would have seen where the money was actually going.

I have already considered what Mr H has raised within my provisional decision and within it I concluded that CarCashPoint didn't carry out proportionate checks for either loan and should have done more. This is because I didn't think the information it obtained showed

enough about Mr H's expenditure. On seeing his partner's statements, I think it ought to have asked for more about Mr H's expenditure.

Mr H says that if it had done more it would have seen that he couldn't afford the repayments on these two loans. But he hasn't provided enough evidence to show that this was the case at the time the loan was granted. The statements he provided recently to our service show very little, at least not enough that show me that the loans would be unaffordable or the repayments unsustainable for him.

I know this will be a disappointment for Mr H and I acknowledge the comments he has made, but on this occasion, I am not persuaded to change the outcome of his complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 17 August 2021.

Mark Richardson
Ombudsman