



## **Complaint**

Mr F has complained that Nine Regions Limited (“Nine Regions”) provided him with an unaffordable logbook loan.

## **Background and my provisional decision of 20 December 2021**

Nine Regions provided Mr F with a loan of £1,250 in March 2011. This loan had an APR of 466% and a 78-week term. This all meant the total amount repayable of £3,570.06 was due to be repaid in 78 weekly instalments of £45.77.

One of our adjudicators looked at this complaint and didn’t think that she had enough to say that Nine Regions had done anything wrong or treated Mr F unfairly. So she didn’t recommend the complaint be upheld. Mr F disagreed with our adjudicator and asked for an ombudsman to review his complaint.

On 20 December 2021, I issued a provisional decision setting out my initial findings on Mr F’s complaint. I won’t copy that decision in full, but I will instead provide a summary of my findings.

I started by saying that Nine Regions hasn’t been able to provide much information from the time that it provided this loan to Mr F. I didn’t think this was surprising given just how long it has been since the loan was provided. That said, bearing in mind the monthly payment, the interest rate and the fact that the loan was secured on Mr F’s car, I did think that, in order for its checks to have been reasonable and proportionate, Nine Regions would have needed to have found out about Mr F’s income and expenditure and also have taken some steps to verify what it was told.

I thought that if Nine Regions would have done this here it would have seen that even though Mr F might have had an above average income, he had defaulted on a number of credit accounts in the lead up to the loan being provided. So, in order to remain reasonable and proportionate, I thought that Nine Regions would have had to have got an understanding of why there was so much recent adverse information recorded on Mr F’s credit file.

Mr F wasn’t able to provide all his bank statements from the time of this loan. However, what I did have from the time and in the years afterwards suggested that Mr F was gambling heavily and this was the reason why Mr F’s credit file was in the way that it was and he most likely had mortgage arrears at this stage too. And I think it unlikely that it would have been fair and reasonable for Nine Regions to lend in these circumstances.

Bearing all of this in mind, I was satisfied that either Nine Regions didn’t carry out reasonable and reasonable and proportionate checks before providing Mr F with his loan, or if it did the information it saw meant that it more likely than not made an unfair lending decision.

Either way, I set out my intention to issue a final decision which found that reasonable and proportionate checks would more likely than not have alerted Nine Regions to the fact that Mr F was in no sort of position to make the payments on this loan without suffering significance adverse consequences. And as the loan was, in any event, provided in these

circumstances, I was satisfied that Nine Regions didn't act fairly and reasonably towards Mr F.

As Mr F had to pay and was being expected to pay interest and charges on a loan that he shouldn't have been provided with, I was satisfied that he had lost out as a result of what Nine Regions did wrong. So all of this left me intending to issue a final decision which found that Nine Regions needed to put things right.

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

Both parties confirmed receiving my provisional decision and their acceptance of it. Neither party provided anything further for me to think about.

### **My findings**

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

I've read and considered all the evidence and arguments available to me from the outset, in order to decide what is, in my opinion, fair and reasonable in all the circumstances of the case.

I thank the parties for their responses. I can confirm that I've read and considered everything they've said and provided.

I set out the reasons why I was intending to uphold Mr F's complaint in my provisional decision. And as both parties have confirmed their acceptance of it, I see no reason to alter my conclusions. So I'm still upholding Mr F's complaint and Nine Regions should put things right.

### **Fair compensation – what Nine Regions needs to do to put things right for Mr F**

Having thought about everything, I think that it would be fair and reasonable in all the circumstances of Mr F's complaint for Nine Regions to put things right by:

- refunding all interest, fees and charges Mr F paid whether to Nine Regions itself or any third-party debt-purchasers any outstanding balance on the account was sold on to;
- adding interest at 8% per year simple on any refunded payments, if any, from the date they were made by Mr F to the date of settlement†;

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

### **My final decision**

For the reasons I've explained above and in my provisional decision of 20 December 2021, I'm upholding Mr F's complaint. Nine Regions 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 F to accept or reject my decision before 18 January 2022.

Jeshen Narayanan  
**Ombudsman**