

## The complaint

Mr U complained about an instalment loan he took out with APFIN LTD trading as cashasap.co.uk.

## What happened

cashasap.co.uk provided a loan to Mr U as follows:

Date Taken	Loan status	Monthly instalments	Loan Amount	Highest Monthly Repayment
1/6/2021	outstanding	6	£400	£158.83

Mr U said that he applied for several loans to try and get as much credit as possible to gamble with and the high number of searches should have shown on his credit report. He said he was unable to pay back the loan and his credit report was being affected.

When Mr U complained to cashasap.co.uk it didn't agree it had done anything wrong but as a gesture of goodwill it offered to write off 50% of the interest incurred on the loan. Mr U didn't feel this offer went far enough and so he brought his complaint to us.

One of our adjudicators reviewed what Mr U and cashasap.co.uk told us about this loan.

In summary, our adjudicator thought:

- given the loan amount, what was apparent about Mr U's circumstances at the time and his history with the lender, it wouldn't have been proportionate to ask Mr U for the amount of information needed to show the lending was unsustainable
- there wasn't anything in the information Mr U provided, or the information cashasap.co.uk should've been aware of, which meant that cashasap.co.uk should've taken steps to verify the information Mr U had declared
- our adjudicator wouldn't have expected cashasap.co.uk to have known that Mr U had wanted the loan to pay for gambling if Mr U hadn't told the lender this information
- our adjudicator didn't think that the loan amount or the period of time Mr U was borrowing meant his loan history, on its own, was enough to show cashasap.co.uk he might've been experiencing underlying financial difficulty.

So our adjudicator didn't recommend upholding the complaint.

Mr U disagreed and asked for an ombudsman to look at his complaint. He mainly said that given the default/s on his credit report and the high number of credit searches (as a result of applications for credit) there should have been further enquiries carried out. And had evidence of his financial circumstances been requested, the lender would have seen that he was gambling significant sums of money and unable to afford the monthly loan payments.

### **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. And I've used this approach to help me decide this complaint.

I'd like to reassure Mr U that I've thought carefully about everything before coming to my decision and taken into account all the points mentioned in support of this complaint and in response to our adjudicator's view. I've reviewed the complaint independently and having done so, I've come to the same view as our adjudicator for broadly the same reasons. I'll explain why I say this.

cashasap.co.uk provided Mr U with a high-interest loan intended for short-term use and so it needed to make sure that it didn't provide the loan irresponsibly. In practice, this means that it should have carried out proportionate checks to make sure Mr U could repay the loan in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and Mr U's income and expenditure. With this in mind, in the early stages of a lending relationship, less thorough checks might be reasonable and proportionate.

Before lending to Mr U, cashasap.co.uk asked Mr U for information about his monthly income and his outgoings. It also asked about any other credit commitments and carried out credit checks.

It recorded his income was around £1,950 and after looking at his declared monthly expenditure and the information it saw on his credit report, cashasap.co.uk said that it agreed to lend Mr U a loan it worked out should've been comfortably affordable for him.

This was Mr U's first (and only) loan with cashasap.co.uk. So I think cashasap.co.uk could potentially rely on the information Mr U provided. Looking at the monthly loan repayment amounts and the loan term, and taking into account all the information cashasap.co.uk had on record for Mr U, including what it appears Mr U told cashasap.co.uk about his monthly income and what he was paying out, I think it's fair to say this loan looked comfortably affordable for Mr U.

I must be impartial and fair to both parties. I've taken carefully into account what Mr U has said about the information on his credit report. But overall, keeping in mind that borrowers applying for this type of high cost lending might often be actively searching for other credit and/or already have other borrowing or even an impaired credit history, this wouldn't necessarily be a bar to lending to Mr U if the loan otherwise looked affordable – as it did here.

I think it's also worth mentioning that a lender's credit checks might not show the same level of detail that Mr U might expect to see on a credit report and not necessarily be up to date. A lender might only see a small portion of a borrower's credit file, or some data might be missing or anonymised. I'm also aware that not all payday and short term lenders report to the same credit reference agencies.

I don't think the credit checks that cashasap.co.uk acquired revealed enough concerning information for me fairly to say it should have put off a responsible lender from providing this relatively small loan to Mr U or that cashasap.co.uk ought to have been prompted to do more in-depth checks before agreeing to lend. It was apparent that Mr U had some credit activity but there weren't any particular warning signs to show that he was currently in serious financial difficulty.

All in all, I haven't seen enough in the information that cashasap.co.uk gathered about Mr U to make me think it should've realised that Mr U was going to find it difficult to afford to pay this loan in a sustainable way.

I'm sorry that Mr U had a problem with debt and that repaying this loan has proved difficult for him. I accept that in reality Mr U's *actual* circumstances possibly weren't fully reflected either in the information he provided, or the other information cashasap.co.uk obtained.

But it's fair to say that cashasap.co.uk was entitled to decide Mr U's lending application based on the information I would reasonably expect it to have found out at the time. I don't think it was unreasonable for cashasap.co.uk to lend here – especially as there wasn't anything obvious, in the information it had, to suggest Mr U wouldn't be able to repay the loan in a sustainable way. In these circumstances, I don't think proportionate checks would've required cashasap.co.uk to probe any more deeply into Mr U's finances or ask Mr U to prove what he was declaring or check other information sources (like asking to see his bank statements) to verify what he had told them (or not said) about his financial circumstances.

In order to uphold this complaint I have to be able to say a lender did something wrong. And, in this case, I don't think that cashasap.co.uk did anything wrong in deciding to lend this loan to Mr U.

I understand that what I've said will come as a disappointment to Mr U. But I hope that setting out the reasons as I've done will help explain how I've reached my decision.

If Mr U is still struggling with debt and would like to talk to someone about his situation or get help to manage his finances there's more information about how to get free advice and assistance on our website – or we can provide contact details if he gives us a call. And I would just take this opportunity to remind cashasap.co.uk that it should continue to look for constructive solutions to assist Mr U if he still needs further time to pay and treat him positively and sympathetically in any discussions.

### **My final decision**

For the reasons I've given, I've decided not to uphold Mr U's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 28 April 2022.

Susan Webb  
**Ombudsman**

