

The complaint

Miss P complains that Fund Ourselves Limited was irresponsible to have agreed to lend to her.

What happened

Miss P had two loans from Fund Ourselves between July and September 2021 as shown below:

<u>Loan</u>	<u>Date</u>	<u>Amount</u>	<u>Term</u>	<u>Monthly Repayment</u>	<u>Due</u>	<u>Repaid</u>
1	31 Jul 2021	£400	4m	£197.60	30 Nov 2021	8 Sep 2021
2	19 Sep 2021	£300	4m	£149.40	21 Jan 2022	Repayment plan

Miss P says Fund Ourselves did not carry out the correct checks when it lent to her and this has led to financial hardship and anxiety.

Fund Ourselves says it asked Miss P for details about her income and expenditure and that it also checked her credit file. It says it verified her income and it was satisfied the loans were affordable based upon the information it received. However, Fund Ourselves offered to set up an affordable repayment plan for loan 2 if Miss P continued to be in financial difficulties.

Our adjudicator did not recommend the complaint should be upheld. She was satisfied that Fund Ourselves had carried out proportionate checks and that there was nothing in the information to indicate further checks were required, or that the repayments were unsustainable.

Miss P responded to say, in summary, that her credit file would have shown she was financially dependent on loans and that, although she has since set up a repayment plan for loan 2, the interest was not frozen.

My provisional findings

I issued a provisional decision to Miss P and to Fund Ourselves on 31 May 2022. I've summarised my findings:

- For loan 1, I was satisfied that the checks carried out by Fund Ourselves were proportionate to the circumstances of the lending;
- However, I found the results of these checks should have indicated to Fund Ourselves that further lending was unaffordable because:
 - The credit check showed Miss P had 18 active accounts:
 - Seven of these had a zero balance;
 - Seven were defaulted with a combined balance of £3,490;
 - Two were on repayment arrangements;
 - One was a short-term loan with a monthly repayment of £137;
 - One was a mail order account with a balance of £1,118;
 - Fund Ourselves calculated Miss P had £330 of disposable income each month, but this did not include any expenditure on credit;
- Miss P could not afford the loan 1 repayment of £197.60 and the short-term loan repayment of £137 out of her disposable income, even before her other commitments to the repayment arrangements, defaulted accounts and the mail order account were considered;
- Although the loan 2 repayments were slightly lower, Miss P's credit check showed a very similar picture and I considered the repayments were also likely to be unsustainable;

So my provisional decision was that I upheld Miss P's complaint about both the loans.

Miss P responded to accept my provisional decision.

Fund Ourselves did not respond to the provisional decision.

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.

The relevant rules and guidelines were outlined in my provisional decision, so I won't repeat them here.

Because Miss P accepted my provisional decision and neither she, nor Fund Ourselves, provided any further additional information, I see no reason to depart from the conclusion I reached.

My final decision

My decision is that I uphold this complaint. Fund Ourselves Limited should:

- A. Refund all the interest and charges Miss P paid on loan 1;
- B. Pay interest of 8% simple a year on any refunded interest and charges from the date they were paid (if they were) to the date of settlement*;

- C. Remove any interest and charges still outstanding on loan 2 and treat all the payments Miss P made towards this loan as payments towards the capital;
- D. If reworking Miss P's loan 2 account as I've directed results in Miss P effectively having made payments above the original capital borrowed, then Fund Ourselves should refund these overpayments with 8% simple interest calculated on the overpayments, from the date the overpayments would have arisen, to the date of settlement* along with the refund calculated (A+B) for loan 1;
- E. If reworking Miss P's loan 2 account leaves an amount of capital still to be paid, then Fund Ourselves can use the refund for loan 1 (after tax) to offset this. Any surplus should be refunded to Miss P. But if there is still an outstanding capital balance then Fund Ourselves should take a sympathetic view when agreeing a repayment plan;
- F. Remove any adverse information recorded on Miss P's credit file in relation to loans 1 and 2 – up to the date the complaint is settled.

*HM Revenue & Customs requires Fund Ourselves to take off tax from this interest. Fund Ourselves must give Miss P a certificate showing how much tax it's taken off if she asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 27 July 2022.

Amanda Williams
Ombudsman