

The complaint

Mr P complains Match the Cash Limited trading as Guarantomyloan.tv ('Match the Cash') irresponsibly lent to him.

What happened

Mr P was approved for a guarantor loan with Match the Cash in June 2019. The capital amount of the loan was £5,000. The term of the loan was 60 months, with repayments of approximately £200 per month. The loan was to be used for Mr P to purchase a car.

Mr P says the loan was irresponsibly brought about by Match the Cash. He says at the time he applied for the loan he was struggling financially, and Match the Cash should've completed further enquiries before bringing about the loan. Mr P says had it done this Match the Cash would've seen he could not afford the loan.

Match the Cash disagreed with Mr P's complaint. It says it completed the necessary level of enquiries before arranging the loan. Match the Cash says it searched Mr P's credit file; and completed an income and expenditure assessment which it verified via searching Mr P's finances. It says it arranged the loan responsibly for Mr P.

Our investigator recommended the loan be upheld. She felt that whilst Match the Cash had completed proportionate enquiries, that the information it possessed demonstrated that Mr P could not sustainably afford to repay the loan. Match the Cash disagreed with this outcome, and maintained the loan was brought about responsibly. Mr P has confirmed the loan is still active, but maintains he is in financial hardship.

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 approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website. I've used this approach to help me decide this complaint.

Mr P and Match the Cash are aware of our service's approach to irresponsible and unaffordable lending complaints; so for the sake of conciseness I won't set out the detail here. But for clarity, I've considered if and Match the Cash completed reasonable and proportionate enquiries; and if it made a fair decision to bring about this loan for Mr P. I've also considered if and Match the Cash acted unfairly in any other way.

Having reviewed the information provided I'm also satisfied that Match the Cash did complete reasonable and proportionate enquiries in this instance. I can see that Match the Cash completed an affordability assessment, and searched Mr P's credit file. It verified the information which Mr P provided in the affordability assessment by searching Mr P's bank account and producing a financial standings report.

These enquiries gave and Match the Cash a sufficient insight into Mr P's credit commitments, his repayment history, his income and his non-credit expenditure. And whilst it showed that Mr P had had issues managing his credit in the past, this was discussed with Mr P during his affordability assessment. As such, I'm satisfied that and Match the Cash had a sufficient insight into Mr P's finances, and it did not need to obtain further information from him prior to bringing about this loan.

However, with that being said, Match the Cash still needed to ensure it considered the information it gathered, and make a fair decision to bring about the loan for Mr P. As Match the Cash is aware it isn't sufficient for it to just complete proportionate checks – it must also consider the information it obtained from these checks to make a fair lending decision. This includes not bring about a loan for someone already in financial hardship; and ensuring repayments can be made sustainably without having to borrow further. And having reviewed the information that it had the time I'm not persuaded it made a fair decision when bringing about this loan.

Having reviewed the information which was gathered, I'm satisfied there was sufficient evidence to demonstrate that Mr P would struggle to maintain the necessary repayments sustainably.

The information which Match the Cash gathered demonstrated that Mr P had an income of around £1,150 per month. His main non-credit commitment outgoing was his rent which was verified at being around £300 per month. Mr P also declared that he had one child (although he did not live with them). The credit file search demonstrated that Mr P had a total existing credit of £2,500, of which £1,500 was on defaulted amounts. The credit file search demonstrated that Mr P had issues in the past managing his credit (leading to the defaulted balances above). The credit file search also demonstrated that Mr P had a revolving credit limit of £250 and that at the time of the application he had exceeded this with a total balance showing as effectively £400. This suggests that Mr P's outgoings were higher than those declared; and that he was struggling to manage his existing commitments.

In addition to this, Match the Cash's affordability calculator, including the repayment for this loan, demonstrated that Mr P would have approximately £200 disposable income. However, the information it produced in the financial standings report suggests this may not have been accurate. The report demonstrates that Mr P's current balances had available credit of around £4 at the time of the application. It also demonstrates that whilst some items were accurately covered, such as Mr P's rent, other items were higher, leading to more outgoings than had been used within the affordability report. When looking at the report and taking into consideration the total income versus the total outgoings, it suggested that Mr P's outgoings were higher than his income. Adding further weight to the fact Mr P finances were not in a position to take on further lending.

Mr P has explained he was struggling financially at the time, and that the loan was not going to consolidate any debts, but instead used to purchase a car. This means the loan was further increasing Mr P's indebtedness, which although relatively low, was already demonstrating signs of not being sustainable for Mr P to manage.

So based on the information I've seen I'm satisfied there was sufficient information which suggested Mr P would more likely than have been unable to meet the repayments sustainably. As such, Match the Cash's decision to bring about the loan was unreasonable.

Match the Cash has said that Mr P has made all of his payments which demonstrates the loan is likely affordable. Whilst that may be true, I'm not persuaded making repayments is the same as being able to afford the repayments sustainably. On the contrary, Mr P has

provided evidence to our service which demonstrates he is struggling to meet a number of existing priority bills.

Putting things right

Mr P has lost out by the actions of Match the Cash, as he has had to pay additional interest and charges. Mr P has confirmed the loan is still active, and that he has made the repayments not his guarantor.

In order to put things right I require Match the Cash Limited trading as Guarantomyloan.tv to:

- To add up the total amount of money Mr P received as a result of having been given this loan. The repayments Mr P made should be deducted from this amount.
 - a) If this results in Mr P having paid more than they received, any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement). †
 - b) If any capital balance remains outstanding, then Match the Cash should attempt to arrange an affordable and suitable payment plan with Mr P.
- Match the Cash should remove any adverse information recorded on Mr P's credit file in relation to loan but that only needs to be done once the loan has been repaid.

† HM Revenue & Customs requires Match the Cash to take off tax from this interest. Match the Cash must give Mr P a certificate showing how much tax it's taken off if they ask for one.

My final decision

My final decision is that I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 9 January 2023.

Tom Whittington
Ombudsman