



Complaint

Mr S has complained that Match the Cash Limited ("Match the Cash") unfairly brought about an unaffordable guarantor loan for him. He said that he was in a spiral of debt and that the loan was unaffordable.

Background

Match the Cash operated the electronic system in relation to lending which led to Mr S being provided with a guarantor loan in May 2016. The loan was for £3,000.00. The loan had a 36-month term and an APR of 48.9%. This meant that the total amount of £5,226.12, including interest of £2,226.12, was due to be repaid in 36 monthly instalments of £145.17.

Mr S' complaint was reviewed by one of our investigators. She thought that Match the Cash unfairly approved Mr S' loan. So she upheld the complaint. As Match the Cash disagreed with our investigator's view, the complaint was passed to an ombudsman.

My findings

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

Having carefully considered everything, I consider it is fair and reasonable to expect Match the Cash to have carried out reasonable enquiries into Mr S' circumstances to check that he'd be able to make the payments to this guarantor loan before bringing it about for him.

As I understand it, Match the Cash enquiries suggested that Mr S was employed and earning around £1,300.00 a month. Match the Cash also says that Mr S' rent was being deducted from his salary. Mr S also said that he had no existing credit commitments at the time. But I've also seen that Match the Cash carried out a credit check which showed that 8 separate searches, most likely as a result of applications for credit, were carried out on Mr S in the 3 months leading to the application for this loan. This suggests he was making applications that weren't being accepted.

Furthermore, I've noted that Match the Cash obtained bank statements from Mr S and that these not only showed that he was overdrawn pretty much up to the amount of his annual salary but that Mr S was making gambling transactions. There are also a cash withdrawals totalling more than a third of Mr S' salary going out of his account too.

I note that Match the Cash says it noted Mr S' gambling. But that as he had no defaults on his credit file it was entitled to treat this as 'entertainment' rather than problem gambling. I don't think that this was a reasonable here given Mr S was heavily overdrawn, cash withdrawals were being made from the account and that Mr S had made a number of applications for credit in the months leading up to this application.

In these circumstances, I think that Match the Cash needed to better understand Mr S' financial position before bringing about this loan for him. I think that had this been done, Match the Cash would more likely than not have discovered that Mr S was gambling

significant sums of money and that this is what was responsible for the cash withdrawals as well as Mr S' continually overdrawn position.

In these circumstances, I think that Match the Cash ought to have realised that Mr S was simply unlikely to be able to make the payments to this loan without experiencing financial difficulty or borrowing further. And as this is the case, I find that Match the Cash's failure to properly look into Mr S' circumstances meant that it didn't act fairly and reasonably towards Mr S when it brought about this guarantor loan for him.

As Mr S paid interest, fees and charges on a guarantor loan brought about by Match the Cash failing to act fairly and reasonably towards him, I'm satisfied that Mr S lost out because of what Match the Cash did wrong. So I think that Match the Cash needs to put things right.

Fair compensation – what Match the Cash needs to do to put things right for Mr S

Overall and having considered everything, I think it is fair and reasonable for Match the Cash to put things right for Mr S in the following way:

- refund all the interest, fees and charges Mr S paid on this loan;
- add interest at 8% per year simple on any interest, fees and charges paid from the date they were paid by Mr S to the date of settlement†;
- remove any adverse information recorded on Mr S' credit file as a result of this loan.

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

My final decision

For the reasons I've explained, I'm upholding Mr S' complaint. Match the Cash 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 S to accept or reject my decision before 6 December 2022.

Jeshen Narayanan
Ombudsman