

## **The complaint**

Miss K has complained that Progressive Money Limited ("PML") acted irresponsibly when it agreed to give her a loan for £11,000 in 2017.

## **Background**

Miss K applied for an unsecured loan from PML in July 2017 which she said was to consolidate two different car loans and complete some home improvements.

She applied online to borrow £11,00 over 72 months at a monthly repayment of £351.94 which would mean that she would repay a total of £25,339.28. She has told us that at the time she was gambling heavily and already in considerable debt. She believes it was irresponsible of PML to provide her with the loan and says that she ended up having to take out another loan in early 2018 to consolidate this debt as it was unaffordable.

She wants PML to refund the interest applied to the loan as well as the associated administration fees that were added to the borrowing at the time of application.

PML has said that it carried out all necessary checks at the time of application and had several phone calls with Miss K where it questioned and confirmed some of the information that was provided during these checks. It has said it was unaware that she was gambling as there was no evidence of it on the bank statements she provided to it. It believes all of the checks it ran showed Miss K was in a good financial position, the lending was both affordable and sustainable and it didn't make a mistake when it provided her with the loan.

I issued a provisional decision on 11 November 2022. In it I found that PML had failed to properly consider whether or not the loan was affordable and sustainable for Miss K. As such I said I was intending on upholding the complaint and asking PML to refund Miss K all the interest and charges she paid for loan, including simple interest. I asked both parties to respond by 24 November with any additional comments after which I would issue my final decision.

Miss K responded saying she agreed with my decision, but she wanted the simple interest to be payable from the time she paid the fees and interest charges until the date she receives the refund from PML. I agree this is a reasonable request and so will amend the redress directions along those lines.

PML responded to say it disagreed with my findings and that it didn't think Miss K's earlier borrowing in April 2017 was an indicator that she was struggling to manage her finances. It also wanted me to clarify where in CONC it states a consumer must make more than the minimum monthly repayment on their credit card. Finally, it said that Miss K had provided incorrect information at the point of application and that if she had not done this it wouldn't have provided the credit.

I've answered the questions raised by PML below.

## **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.

In regard to the first comment raised by PML, I still believe that the fact that Miss K had taken out two loans within days of each other in April 2017 should've alerted PML that she may be struggling to manage her finances at that time. PML has also noted that Miss K was in the process of refinancing her mortgage when she applied for the loan with it. It has taken that as an indicator that Miss K's outgoings were likely to reduce which would lead me to ask why she would then need the additional, high-cost credit, she was applying for from PML? Had Miss K been in as strong a financial position as PML have suggested she was in, it would seem unlikely that she would've needed to apply for additional credit. So, I don't agree that her lending history was indicative of someone who was managing their finances well and I think PML should've realised this at the point she applied for credit with it.

PML has also asked me to clarify where in CONC it says people have to make more than the minimum monthly repayments on their credit card to be eligible for additional credit. No such rule exists in CONC as I'm sure PML is aware and that's not what I suggested in the provisional decision. Rather I said that when reviewing a potential customer's credit history and indebtedness it's worth noting how open lines of credit are being managed. In Miss K's case she had a high amount of existing credit card debt that she was trying to repay. The fact that she was only just managing to make the minimum repayments meant that the capital owed was barely decreasing and the majority of her monthly repayments were just covering the interest due. So, the debt owed wasn't reducing. Again, taken in context with her repeated lending elsewhere, this was another indicator that Miss K was becoming increasingly dependent on credit and not managing her finances well.

The final point raised by PML was that Miss K wasn't forthright in the information she provided it at the point of application. It says that if she had been then it wouldn't have approved her application. However, the reason I'm upholding Miss K's complaint is because I think PML failed to notice a pattern of borrowing and poor finance management that was apparent from the information held in Miss K's credit file and not because of any information she provided at the point of application. And PML has confirmed it had a full copy of Miss K's credit file to review.

Therefore, for the reasons set out in my provisional decision, and repeated above, I'm upholding Miss K's complaint against PML.

## **Putting things right**

Progressive Money Limited should:

- refund all the interest and charges associated with the loan taken by Miss K in 2017
- And pay 8% simple interest on this amount calculated from the date the loan was taken until the date of the refund\*

\*HM Revenue & Customs may require Progressive Money Limited to deduct tax from this interest. Progressive Money Limited should give Miss K a certificate showing how much tax it's deducted, if she asks for one.

## **My final decision**

For the reasons set out above and in my provisional decision I'm upholding Miss K's complaint against Progressive Money Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 29 December 2022.

Karen Hanlon  
**Ombudsman**