

The complaint

Mr C complains TM Advances Limited irresponsibly lent to him. He says TM Advances did not give him sufficient information prior to the loan being agreed, and that TM Advances interest charges are excessive. He also complains about other customer service issues.

What happened

Mr C took out a £1,500 loan with TM Advances in March 2021. The term of the loan was 30 months with repayments of approximately £160.

Mr C complains TM Advances did not give him the necessary information prior to agreeing to take the loan out. He says he was not informed of the interest applicable to the loan. He also complains the loan was irresponsibly lent, and there have been customer service failings by TM Advances.

Our investigator did not recommend the complaint be upheld. In summary he said:

- TM Advances had given Mr C the necessary information regarding the level of interest applicable to loan before it was taken out;
- TM Advances had acted fairly when providing the loan. This was because our investigator was satisfied it had completed reasonable and proportionate checks , and these showed the loan was likely affordable to Mr C; *and*
- TM Advances had handled the customer service elements of Mr C's complaint fairly when considering how it handled Mr C's interest calculations and the collection of his repayments.

Mr C was unhappy with the outcome our investigator reached. He feels TM Advances have acted unfairly and wants it to accept a proposed settlement to resolve the matter.

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 Mr C's complaint.

Our investigator set out a detailed initial assessment into Mr C's complaint which explained our approach to complaints about irresponsible lending. As such I won't repeat them here, but for clarity I've considered if TM Advances completed reasonable and proportionate checks before lending to Mr C. I've then considered if it made a fair decision to lend.

In addition to the irresponsible lending aspect of Mr C's complaint I've also considered the other aspects of his complaint, namely if TM Advances provided sufficient information regarding the applicable interest, and the customer service elements he is unhappy with.

After doing so I'm not recommending this complaint be upheld. This is for broadly the same reasons that our investigator set out to Mr C. I appreciate this will come as a disappointment to him, but I'll deal with each aspect in turn.

Irresponsible Lending

Mr C says TM Advances irresponsibly lent him the £1,500. TM Advances disagrees and says that it completed reasonable and proportionate checks prior to agreeing the loan with Mr C. It says Mr C was taking out the loan to consolidate some of his existing credit commitments.

TM Advances says that it completed an affordability assessment with Mr C which included getting an understanding of his income and expenditure. Mr C declared he earned approximately £2,800 each month and had calculated monthly outgoings of approximately £1,115.

TM Advances also gathered information into Mr C's credit commitments. This showed that Mr C had a number of existing unsecured loans from multiple providers, buy to own agreements, and an existing credit card. The total active credit was relatively low amounting to around £4,000. The credit search also showed Mr C had two defaulted accounts which had been registered in September 2015 and April 2016 respectively. The total defaulted balance was around £1,700.

TM Advances says it verified this information using Open Banking. This enabled it to get an insight into Mr C's bank statements and account activity, and verify the amounts he was spending on his credit and non-credit commitments.

I've carefully considered TM Advances argument and in this instance I agree with it. That is to say I'm satisfied it completed reasonable and proportionate checks in this instance. The checks it completed enabled it to have a good understanding of Mr C's finances, as well as having a decent understanding of his credit and non-credit commitments. And this was proportionate to the amount being advanced.

Even though TM Advances completed reasonable and proportionate checks; it still needed to consider this information carefully and make a fair decision to lend.

In this instance the Open Banking check that TM Advances completed showed Mr C's income fluctuated. It used a lower figure of £2,500 based off of this information and worked out his remaining credit and non-credit commitments to be around £2,000. This meant Mr C would have approximately £500 disposable income per month, which would've been sufficient to cover the cost of the loan repayment of £160. TM Advances says the loan was therefore affordable to Mr C.

Having considered the information provided by TM Advances and Mr C, I'm satisfied it made a fair decision to lend.

Whilst I note that Mr C did have existing credit commitments, the amounts repayable each month were seemingly affordable. The Open Banking information suggest that he was maintaining his payments well, including meeting his existing credit commitments as well as reducing his historic defaults. The affordability assessment TM Advances completed considered Mr C's necessary outgoings such as childcare and utilities and the information it

gathered supported these calculations. The information supported the affordability assessment and suggest that Mr C had the sufficient income to meet the increased repayments sustainably. Therefore I'm satisfied TM Advances acted reasonably when approving this loan.

Pre-contract information and concerns over the interest

Mr C also complains that TM Advances did not provide sufficient information regarding the amount of interest which was applicable to the loan. Mr C says that TM Advances' website did not provide the necessary information to him. Mr C is also unhappy TM Advances' interest is 'front load'.

TM Advances says it provided Mr C with the relevant information including the pre-contract information. TM Advances says this document sets out the applicable interest, and Mr C would've had to agree to this before taking out the loan.

I've reviewed the information which was sent to Mr C prior to him proceeding with the loan; and I'm satisfied it is sufficiently clear in explaining what the interest is and how it will be applied to his loan. Whilst I'm not sure what information Mr C may or may not have seen on TM Advances' website in March 2021; I'm satisfied the pre-contract information which was sent sufficiently covers the necessary information.

I've no reason to doubt Mr C received this information, and I'm therefore satisfied that TM Advances acted fairly in relation to this aspect of his complaint.

In relation to the way TM Advances calculates its interest, I've seen no evidence that it acted unfairly in this manner. Whilst I understand the point Mr C is making, ultimately TM Advances is allowed to structure its loans this way. So, it follows that by doing so, I'm satisfied it is acting fairly. I've explained above I'm satisfied that TM Advances provided Mr C with the necessary information in regard to the interest in relation to this loan. So again, I'm satisfied TM Advances has acted fairly in relation to this aspect too.

Customer service issues

Mr C had issues when arranging to make repayments towards his loan. He initially set up a direct debit mandate but this failed. Mr C wanted to set the direct debit up for the last Friday of the calendar month but TM Advances confirmed it could only accept payments by direct debit between the 1st and 28th of each month and this had to be a fixed date.

I've considered TM Advances response to this aspect of Mr C's complaint and again I'm satisfied that it has acted fairly in relation to it. Whilst I can understand Mr C had a preferred date to make his payments, TM Advances could not accept a direct debit on a date outside of the 28th of each month as this would cause payment issues on months where a date was not applicable. I don't find this position unreasonable and therefore I can't say it was unfair for TM Advances to suggest Mr C use other payments options if he did not want to complete a direct debit mandate within the available date range.

Mr C has also raised concerns over the reporting TM Advances have made on his credit file. Mr C has not met the repayments of this loan, and whilst TM Advances have confirmed that the account is on hold whilst Mr C's complaint is with us, it still needs to report information on the account.

Mr C has provided information to our service from different credit reference agencies. And whilst I can see there are negative markers on Mr C's account I don't find that unreasonable considering the account is not currently up to date. Different credit reference agencies report

the information differently; and I've not been provided information which demonstrates TM Advances is reporting information which ultimately isn't correct. So I'm not persuaded it needs to do anything further in relation to this aspect of his complaint.

Finally, Mr C has made a proposal to settle his loan. Our service is not in a position to act as an intermediary to loan settlements, and as such I won't comment further on this proposal. However, I would remind TM Advances of its ongoing requirement to treat Mr C with forbearance should it apply, and to follow any further relevant rules and regulations which apply to this loan going forward.

I appreciate this outcome will come as a disappointment to Mr C but I can assure him I've carefully considered all of the information that he and TM Advances have provided.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 23 February 2023.

Tom Whittington
Ombudsman