

The complaint

Mrs R complains Skyline Direct Limited lent to her irresponsibly.

What happened

Mrs R took out the following 13 loans with Skyline between 2011 and 2021:

Loan	Opened	Amount	Closed	Term (weeks)	Weekly repayment
Loan 1	Unknown	Unknown	Unknown	Unknown	Unknown
Loan 2	Unknown	Unknown	Unknown	Unknown	Unknown
Loan 3	14/12/2016	£100	05/07/2017	30	£5
Loan 4	15/03/2017	£100	26/07/2017	30	£5
Loan 5	26/07/2017	£300	20/12/2017	30	£15
Loan 6	20/12/2017	£400	04/07/2018	30	£20
Loan 7	04/07/2018	£400	05/12/2018	30	£20
Loan 8	05/12/2018	£400	10/04/2019	30	£20
Loan 9	10/04/2019	£500	25/09/2019	30	£25
Loan 10	25/09/2019	£500	25/03/2020	30	£25
Loan 11	04/12/2019	£100	20/05/2020	30	£5
Loan 12	25/03/2020	£500	20/01/2021	30	£25
Loan 13	12/05/2021	£500	23/12/2021	30	£25

In Early August 2022, she complained to Skyline and explained that had they carried out sufficient checks during the application process, they ought to have known the loans were unaffordable for her.

Skyline looked into Mrs R's concerns and issued their final response in September 2022. They explained they could only investigate the loans taken out within the last six years, and having done so, they could only agree additional checks should have been carried out for loans 9, 10, and 11. Because of that, they offered to refund the interest Mrs R paid towards those loans, and 8% simple interest. They also offered to remove details of those three loans from Mrs R's credit file. Mrs R remained unhappy, so she brought her complaint to our service.

Our Investigator looked into Mrs R's complaint and explained we could investigate all 13 loans. However, he didn't comment on the lending decision for loans 1 and 2. Regarding the other loans, our Investigator thought Skyline also shouldn't have given Mrs R loans 7, 8, 12 and 13.

Skyline disagreed with our Investigator's findings, so Mrs R's complaint was passed to me for a decision.

I issued my provisional decision on 3 November 2023. I explained I was minded to consider there were an additional two loans that we had the power to investigate – however, I wasn't persuaded there was sufficient evidence to demonstrate they shouldn't have been approved. I also considered Mrs R shouldn't have been given additional borrowing from loans 6, onwards.

Both parties had until 24 November 2023 to respond. Mrs R didn't respond at all, and Skyline said there wasn't enough evidence to show the first two loans existed. While I took on board what Skyline had said, I wasn't persuaded to change my mind. So, my decision has remained the same.

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.

Having done so, I'm upholding Mrs R's complaint, in part. I'll explain my reasoning below.

Skyline's offer for loans 9, 10, and 11

Skyline's final response letter accepted they'd made a mistake with loans 9, 10, and 11. To put things right, they offered to:

- Refund the interest paid towards those loans.
- Pay Mrs R 8% simple interest on the refunded amount.
- Remove details of those loans from Mrs R's credit file.

This offer is in line with our service's approach to irresponsible lending. As such, I won't be asking Skyline to do anything further regarding these loans, and my decision will focus on the other loans complained about.

Loans 1 and 2

The Financial Conduct Authority sets the rules that govern our service, and the relevant rule in this case is DISP 2.8.2. This says we can only consider complaints raised within six years of the event complained of. If later, within three years of the consumer becoming aware or when they ought reasonably to have become aware they had cause for complaint.

Mrs R complained about Skyline's lending decisions, so these are the events complained of. In turn, this means Mrs R had six years from the date each loan was approved, to complain about them.

Skyline has no evidence for loans 1 and 2 due to the time that's passed. However, Mrs R says they were approved in December 2011 and January 2012. The fact Skyline doesn't have evidence of these loans, isn't proof in itself that they didn't exist. So, I don't agree with their assertion that our service shouldn't consider them as part of this complaint. When Mrs R complained to Skyline, she included these loans in her complaint letter and detailed how much she borrowed. Given the information in her complaint letter somewhat matched the details Skyline held about her other loans, I'm inclined to believe loans 1 and 2 were given to her. But as the loans were approved more than six years before Mrs R complained, her complaint for these loans was raised out of time under the six-year part of the rule.

I next considered the three-year part of the rule. To this, I had to determine when Mrs R became aware, or ought reasonably to have become aware:

1. the loans were unaffordable;
2. the unaffordable loans caused her loss; and
3. Skyline's actions (or failure to act) contributed to her loss.

Mrs R says she only became aware there may have been a problem with her loans after she was contacted by a claims management company. And after reflecting on the financial difficulties she experienced while the loan accounts were open, she felt Skyline may have lent to her irresponsibly and that is when she raised her complaint.

I've seen no evidence, from either party to suggest Mrs R ought reasonably to have become aware she may have been unhappy with the loans before she raised her complaint in 2022. So, it's for that reason I'm satisfied her complaints about loans 1 and 2 were raised in time.

While I'm persuaded Mrs R complained about these loans in time, I can't ignore the fact that neither Skyline nor Mrs R has clear evidence to confirm how much the loans were for (that is why I haven't commented on their value in the table above), or what her financial circumstances were at the time of borrowing. I don't consider it's unreasonable either party has minimal information given the time that's passed.

I can only ask Skyline to put things right if I can safely conclude their actions resulted in Mrs R experiencing a loss. So, in the absence of the evidence detailed above, I'm not upholding Mrs R's complaint about loans 1 and 2.

Loans 3, 4, and 5

Due to the time's that passed there's limited information available to detail Mrs R's financial circumstances at the time. While I've been unable to see what information was showing on Mrs R's credit file when she took out these loans between December 2016 and July 2017, Skyline has sent us the income and expenditure they relied on.

The information I've seen shows that Mrs R had a disposable income of between £162 and £53 pounds per month. This was after the loan payments were added to her expenditure, alongside a buffer of £15 per month. This suggests the loans ought to have been affordable for Mrs R, and in the absence of anything else I can't safely conclude that Skyline ought to have carried out additional checks before lending to her.

Given the above I'm persuaded Skyline relied on sufficient information for these loans, and that information suggested the loans were affordable for Mrs R. As such, I don't consider anything needs to be done to put things right for these loans.

Loans 6, 7, 8, 12 and 13

By the time Mrs R applied for loan 6 in December 2017, I consider she was starting to show a pattern of borrowing. This loan was taken out just five months after loan 5, and for an increased amount. This ought to have made Skyline consider whether Mrs R was becoming reliant on borrowing to supplement her financial circumstances. So, it's at this stage they ought to have carried out additional checks.

Had Skyline carried out further checks at this point, I consider they would have realised this pattern of borrowing may not be sustainable for Mrs R. I say this because I've seen Mrs R's bank statement from November 2017. This showed that she was paying for borrowing

elsewhere and that she was frequently using her overdraft. This demonstrates she was unlikely to be able to afford this loan without borrowing from elsewhere.

In light of this, and because this pattern of borrowing continued over a relatively short period time, I consider Skyline shouldn't have approved loan 6, or any of the other loans after this.

For the reasons above, I'm upholding Mrs R's complaint in respect of loans 6, 7, 8, 12, and 13.

My final decision

My final decision is that I'm upholding Mrs R's complaint about Skyline Direct Limited.

To put things right, Skyline Direct Limited should:

- Add up the total amount of money Mrs R received as a result of having been given loans 6, 7, 8, 12, and 13. The repayments Mrs R made should be deducted from this amount.
 - a) If this results in Mrs R having paid more than she 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 Skyline Direct Limited should attempt to arrange an affordable and suitable payment plan with Mrs R.
- To remove any negative information recorded on Mrs R's credit file relating to loans 6, 7, 8, 12 and 13.
- Skyline Direct Limited has already offered to put things right for loans 9, 10, and 11. They should apply the same award detailed above to those loans if they've not already done so.

† If HM Revenue & Customs requires Mrs R to take off tax from this interest, Skyline Direct Limited must give Mrs R 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 Mrs R to accept or reject my decision before 3 January 2024.

Sarrah Turay
Ombudsman