

The complaint

Ms B complains that Match the Cash Limited trading as www.Guarantormyloan.co.uk ('Match the Cash') irresponsibly gave her a loan that she couldn't afford in 2020.

What happened

On 19 February 2020, Ms B applied for a loan with Match the Cash. The loan amount was £7,250, the term was 60 months and the monthly repayment was £283.26.

In 2023, Ms B complained to Match the Cash to say that the account shouldn't have been opened because it wasn't affordable and that Match the Cash ought to have made a better effort to understand her financial circumstances before giving her credit.

Our investigator recommended the complaint be upheld. Match the Cash didn't agree. So, the complaint was passed to me to decide.

I issued my provisional decision in respect of this complaint on 30 November 2023, a section of which is included below, and forms part of, this decision. In my provisional decision, I set out the reasons why it was my intention not to uphold Ms B's complaint. I set out an extract below:

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

I've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

Match the Cash will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Ms B's complaint is that Match the Cash made credit available that was unaffordable. Match the Cash has explained that it relied in part on information that Ms B provided at the time of application to assess affordability. They said they carried out a credit search in Ms B's name to assess Ms B's level of debt at that time and to understand how she had been managing that debt. And I have seen the results of that credit search and the income and expenditure exercise that was performed at that time. With that information and using their own scoring metric, and after discussions with Ms B, Match the Cash decided to agree to the credit limit of £7,250. So, there was some assessment of affordability at the time of the sale.

Match the Cash thinks their checks were proportionate. Our investigator thought so too, as do I. But, I'm not persuaded that the lending was irresponsible. I'll explain why I say that.

I have noted that Ms B's credit file was not entirely clean at the time of the loan application. When I say this, I mean that Ms B's management of her existing credit was not devoid of any historic adverse markings. But I've noted that Ms B's credit report showed no recent history of bankruptcy, IVA's or defaults. Ms B's credit report showed no evidence of any cash advances being taken in the previous 12 months and no new accounts had opened in the past six months. So, whilst there was some historic evidence of financial difficulty, the situation that Match the Cash had presented to it in February 2020 was different. Ms B's contemporaneous performance was improved such that the recent credit performance was largely clean.

I have noted that Ms B already had some credit at this time. And I've noted that some of it was to be repaid by this loan. Ms B was living at home with her parents. Ms B provided bank statements at the time to confirm her income. Ms B's income was not modest in comparison to her committed expenditure, including the cost of servicing her existing credit. Thinking about these things, I'm not persuaded that Match the Cash had sufficient reason not to lend money to Ms B or that the new borrowing was sufficient to be automatically unreasonable.

And so, having considered all of the above, I do not think that the credit position was such that Match the Cash should have avoided any further lending to Ms B.

In saying that I have also had consideration for the purpose of the loan. The purpose of the loan was almost entirely for debt consolidation. The bulk of the new loan was to repay the first loan Match the Cash had provided to help Ms B buy a car. The remainder was available to be used to pay down historic debt. So, I don't see the 2020 loan as evidence solely of new credit being provided by Match the Cash, adding to an already large amount of personal borrowing.

Instead, rather than the new credit adding to Ms B's burden of credit, in terms of total debt and the monthly cost of servicing that debt, it looks like Ms B was taking steps, that could be termed sensible, to manage her existing debt by taking out this loan and using it to pay off other debts, some of which were presumably on less favourable terms. So, having considered all the details of this complaint, it doesn't seem automatically unreasonable for Match the Cash to have facilitated all of that.

Having considered all the submissions in this case, particularly those at the time of the lending decision, I have not found sufficient evidence to uphold this complaint. I have seen insufficient evidence to think that the credit Match the Cash are responsible for was unreasonable."

I asked the parties to the complaint to let me have any further representations that they wished me to consider by 14 December 2023. Match the Cash has not yet acknowledged the provisional decision. But Ms B has. Ms B has disagreed with those provisional findings and has made a further submission challenging the provisional findings.

I am grateful to Ms B for responding so quickly to the provisional findings. Having reviewed the case file again in its entirety, I do not think it prejudicial to Match the Cash for me to proceed to a final decision in this complaint, without a further submission from them. So, I am proceeding to my final decision.

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.

I understand that Ms B's previous loan with Match the Cash has been raised as a separate complaint. It is right that I say nothing about that here.

But Ms B thinks Match the Cash were wrong to have approached her through marketing to take out this loan and then to have lent to her irresponsibly. Ms B has also pointed out that whilst her recent credit history was free of adverse markings, this didn't mean she was not struggling.

This complaint has been about irresponsible lending. Having considered all of the details of this case afresh, I still think, for the reasons given in my provisional decision and repeated above, that this loan was not irresponsibly lent. And I have seen nothing remiss in itself in a loan company marketing their services to an existing customer in the particular circumstances of this complaint.

Ms B has been gracious in acknowledging my provisional findings and I thank her for that. Ms B has also been a strong advocate for her case, highlighting the parts of her circumstances that aid her argument. I would like to assure Ms B that I have noted her comments. And I considered all those aspects of the complaint before reaching my provisional findings. In particular I thought about the returned direct debits and the missed payments that Ms B mentioned specifically.

I have considered all the details presented to me in reaching my determination. I did not think that these were sufficient in themselves to outweigh the other parts of the evidence from the time that suggested the lending was not unreasonable.

The aspects of the complaint that Ms B has highlighted in her latest submission, were all things that were raised during the investigation of the complaint and which I had considered before reaching my provisional decision. So, as neither party has provided any new information or argument for me to consider following my provisional decision, I have no reason to depart from those findings. And as I've already set out my full reasons (above) for not upholding Ms B's complaint, I have nothing further to add.

So, having looked again at all the submissions made in this complaint afresh, including Ms B's latest submission, I have still seen insufficient reason to uphold the complaint.

My final decision

For the reasons set out, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 29 December 2023.

Douglas Sayers
Ombudsman