

## complaint

Mr B complains that Cash on Go Limited trading as Peachy.co.uk was irresponsible to lend to him.

Mr B wants Peachy to pay him compensation and amend his credit file.

## background

Mr B took out five loans with Peachy:

No.	Date of loan	Amount borrowed	Instalments	Maximum monthly instalment
1	19/08/2014	£100	2	£65
2	16/09/2014	£200	2	£131
3	26/01/2016	£200	6	£68
4	23/06/2016	£200	6	£70
5	05/08/2016	£200	4	£91

The adjudicator recommended that Mr B's complaint be upheld in part. He thought Peachy carried out adequate checks before agreeing all of the loans apart from loan two.

The adjudicator thought that for loan two, Peachy should've asked Mr B about his living costs, regular and short term lending commitments. The adjudicator thought that if Peachy had done this, it would've discovered that Mr B wasn't left with any disposable income to be able to afford loan two.

Peachy didn't agree with the adjudicator's recommendation. It didn't think that the increase in the amount of Mr B's borrowing should've prompted a more thorough assessment of his finances before agreeing to lend.

### *my provisional findings*

After considering all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint I was minded not to uphold Mr B's complaint.

Peachy was required to carry out checks before agreeing to lend to make sure that Mr B was able to repay each loan. These checks had to be proportionate to things such as the amount of each loan, the repayments and any lending history. But there wasn't a set list of checks Peachy had to carry out.

I agreed with adjudicator's recommendation in relation to loans one, three and four. I didn't agree with the adjudicator's recommendation in relation to loan two. And although I agreed with the adjudicator's recommendation in relation to loan five, I didn't consider that Peachy's checks were proportionate.

### *loan two*

The adjudicator thought that as Mr B was asking to borrow twice as much money than before and his income was £850, Peachy should've asked more questions than it did.

The adjudicator thought that Peachy should've been asking Mr B for details of his living costs, regular and short term credit commitments. And that if Peachy had done this, it would've seen that Mr B was paying £600 to a credit card company as well as more than £300 to other short term lenders.

I thought a proportionate check should've included Peachy asking about his normal living costs and regular credit commitments. In the absence of any other evidence to the contrary, I didn't consider that Peachy needed to ask Mr B about his other short term lending commitments.

Peachy gave us evidence that it asked Mr B for details of his credit commitments and "other" expenses. As I couldn't see that Peachy asked Mr B about his living costs, I didn't think the checks went far enough but this didn't necessarily mean that I must uphold Mr B's complaint about loan two. I would have needed to be persuaded that with better checks, Peachy would've found the loan to be unaffordable for Mr B.

The adjudicator said that Mr B didn't appear to have much in the way of living expenditure on his bank statements. It also looked as though Mr B told Peachy that he was living with family so didn't have any housing expenses.

I thought it was reasonable of Peachy to take what Mr B said about his credit commitments at face value. This meant I didn't consider it fair to substitute Mr B's actual regular credit commitments for the monthly credit commitment figure that Peachy recorded at the time of taking out loan two.

Even if I allowed for a few hundred pounds of living costs, when I added this to Mr B's declared monthly credit commitments of £200 and his "other monthly commitments", it would've appeared to Peachy that he had enough disposable income to afford the monthly repayments of £131.

This meant that I didn't intend upholding Mr B's complaint about loan two.

#### *loan five*

The adjudicator didn't recommend that Mr B's complaint about loan five should be upheld because he thought that Peachy carried out adequate checks.

This was the third time that Mr B had asked to borrow in the same chain. As Peachy's most recent affordability assessment related to loan four and not loan five, I didn't think that Peachy had carried out proportionate checks before agreeing loan five.

As I said for loan two, just because I didn't consider Peachy's checks were adequate didn't necessarily mean that I must go on to uphold Mr B's complaint about this loan.

Although I couldn't see Mr B's salary payments on the bank statements that he gave us, I thought it likely he would've given Peachy a broadly similar income figure to the one that he gave about six weeks earlier.

I couldn't see much if any living costs or regular credit commitments on Mr B's bank statement. I could see a number of short term loan transactions but I didn't think it was proportionate to expect Peachy to have asked about these. I also didn't think that Peachy

needed to go as far as asking to see bank statements before agreeing loan three. This meant Peachy wouldn't have been aware of Mr B's gambling transactions unless he'd mentioned them.

Overall, I didn't think that better checks would've changed Peachy's decision to agree loan five.

#### *loan one*

Peachy asked Mr B for details of his income and expenditure. Mr B declared a monthly net income of £1,000. Given that Peachy expected Mr B to repay a relatively modest proportion of his declared income, I thought it was reasonable of Peachy to agree loan one based on knowing Mr B's income alone. So I couldn't reasonably say that Peachy was wrong to agree loan one.

#### *loans three and four*

Peachy gave us evidence that it asked Mr B for details of his income and outgoings, including his regular and short term credit commitments before agreeing loans three and four. As there had been a significant break between Mr B repaying loan two and taking out loan three, I thought Peachy's checks went far enough.

Based on the information that Peachy held or should have held about Mr B, I couldn't reasonably say that it was wrong to agree any of the loans.

#### *further submissions*

Mr B accepts my provisional decision. Peachy also accepts it but has said that before agreeing loan two it also asked Mr B about his rent.

### **my findings**

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. As Mr B and Peachy have accepted my provisional decision, it follows that I make my final decision along the same lines.

### **my final decision**

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 1 June 2019.

Gemma Bowen  
**ombudsman**

