

## **complaint**

Miss G's complaint is that Instant Cash Loans Limited ("Instant Cash") loaned to her when it should have known the borrowing was unaffordable.

## **background**

Between May 2011 and November 2015 Miss G took a total of 29 loans from Instant Cash. In February this year she contacted it to say she had a reduction in salary and to ask for some breathing space. Instant Cash allowed this. Then in May she wrote to it saying she couldn't meet her repayments.

Miss G complained to Instant Cash, saying all her loans were unaffordable, and that it had put her into a spiral of debt she couldn't get out of.

It replied saying it didn't agree, and that none of the pre-lending checks it had carried out had shown anything of concern; and that her borrowing history over the course of the five-year relationship, whereby she repaid all the loans (with the exception of the final two) on time, meant that there was nothing to indicate she had affordability issues.

Miss G didn't agree, and brought her complaint to this service.

Our adjudicator looked at the evidence, and concluded that Instant Cash hadn't loaned to Miss G irresponsibly when it should have known the lending was unaffordable for her.

Miss G still didn't agree, so sought an ombudsman's review.

## **my findings**

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 can understand Miss G's strength of feeling in this complaint. She genuinely feels that Instant Cash contributed heavily to her financial difficulties, and it that it shouldn't have given her the loans.

However, if it hadn't done, I don't think it's unreasonable to assume she'd have got the money from somewhere else. She clearly needed it. And payday lending exists for people who're unable to secure borrowing elsewhere.

I've looked at Miss G's pattern of borrowing. 29 loans is of course a high number, but over nearly five years this averages out at a loan every two months. This isn't unusual in a payday lending scenario.

All of the loans, with the exception of the final two, when Miss G accepted she was in financial difficulties, were paid on time with no late fees or defaults. And after repaying each loan, her credit status would improve. Instant Cash then used this ongoing credit history, along with credit checks and Miss G's income and expenditure information, when it made its decisions on her subsequent borrowing.

Although she had other borrowing, Instant Cash had no reason to think this was having a negative impact on her as it wasn't affecting the repayment of the loans she had with it. And for the vast majority of the borrowing relationship Instant Cash wasn't aware of there being

any affordability issues. She didn't tell them there were any, and neither her behaviour nor the checks it did showed any.

I could only fairly say that Instant Cash gave unaffordable loans to Miss G if it can be shown that it knew, or should have known, that she couldn't pay her loans back. Given what I've seen about her repayment history, along with the income & expenditure information and credit checks, it just wouldn't be fair to say it should have realised she was having problems.

Some people take payday loans on a repeat basis as this is simply a system that works for them. And I can see that for most of Miss G's time with Instant Cash it looks like a system that worked for her too.

While I'm sorry for the situation she subsequently found herself in, I don't think it's fair to say Instant Cash should have done anything differently.

### **my final decision**

My final decision is that Instant Cash Loans Limited doesn't need to do anything to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 7 November 2016.

Ashley L B More  
**ombudsman**