

## **complaint**

Miss H's complaint is that Casheuronet UK LLC ("Casheuronet") loaned to her irresponsibly, when it should have known the borrowing was unaffordable for her.

## **background**

Miss H took out loans with two of Casheuronet's subsidiary businesses, Quickquid and Poundstopocket, from 2008 to 2015. She says at the time she was already indebted to other payday loan companies, and that if proper checks had been done she wouldn't have been loaned to, as it would have been clear the borrowing wasn't affordable.

Our adjudicator looked at the loans, and didn't think they were unaffordable. She noted that before lending the businesses obtained a credit report, credit score and income & expenditure assessment.

She also said that as the repayment amounts represented only a small proportion of Miss H's stated disposable income, along with her previous history of repaying her loans early, all of this indicated that affordability wasn't an issue for her.

On the matter of dependency, she looked at the pattern of borrowing and noted that not every loan was taken out directly after a previous one had been repaid. Rather, that there were some significant gaps of time between them, and also that the loan amounts themselves differed, often being for successively smaller amounts.

Our adjudicator did have some concerns regarding an outstanding loan for £750, taken from Quickquid in 2015, which seemed like it was taking a long time to repay. So she asked for further information. She found that Miss H had contacted the business in 2015 to ask for help as she was having difficulty repaying, and at that point it froze collections activities and arranged a repayment plan for her. So she was happy it had acted positively and sympathetically towards Miss H, as we would have expected it to.

On the basis of this she didn't think she should uphold the complaint of irresponsible lending. But Miss H didn't agree, and asked for 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 think our adjudicator was correct. I don't think it's fair to say that Casheuronet knew, or should have known, that Miss H's loans were unaffordable.

The businesses carried out the types of checks I'd have expected given the type of borrowing, and the sums involved. We'd expect these checks to be proportionate, and I think they were.

In addition to the credit report and score, Miss H provided income and expenditure information that showed she had sufficient free income to allow her to repay the loans comfortably. And I think this information, taken together with everything else it knew about her, meant the decisions to lend on a repeat basis weren't irresponsible.

I appreciate that Miss H will be disappointed with this decision. I can see that she's had a large number of payday loans, and I'm sure she genuinely feels that her situation was made worse by her continued borrowing. However, payday loans provide a very specific type of borrowing to customers who are unlikely to be able to borrow money from other safe sources. So this money is loaned quickly, and at a premium. And for many borrowers I don't think it's untrue to say that if they didn't get the money they needed from payday lenders, they'd get it elsewhere, perhaps from an even more expensive or less reputable source.

I don't think that repeat payday loans is something in itself to be concerned about. And where there's evidence of a customer struggling to repay, paying late or not at all, or specifically asking for help during a period of difficulty, then of course I think the business should react appropriately and make different lending decisions.

However, in this case I can largely see the payday loan system working as it was intended to. Miss H needed money, and was able to take loans at her convenience. And for the most part there was no hint at all that she was having any difficulty paying them back. By making early repayments regularly, she showed herself to be a low-risk borrower, thus increasing her creditworthiness each time she successfully repaid another loan.

So for these reasons I don't think it would be fair to say Casheuronet was irresponsible in its lending to Miss H, and I won't be asking it to make a refund to her.

### **my final decision**

My final decision is that I'm not going to ask Casheuronet UK LLC to do anything else to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 8 August 2016.

Ashley L B More  
**ombudsman**