

complaint

Ms A complains that PDL Finance Limited (trading as Mr Lender) gave her loans that she couldn't afford to repay.

background

Ms A was given three loans by Mr Lender between January 2017 and February 2018. Each of the loans was scheduled to be paid in instalments – the first two loans over three months and the final loan over six months. Ms A repaid the first two loans early but she at the time she brought her complaint to us a balance remained outstanding on the final loan. A summary of Ms A's borrowing from Mr Lender is as follows;

Loan Number	Borrowing Date	Repayment Date	Loan Amount
1	24/01/2017	02/03/2017	£ 500
2	07/12/2017	09/01/2018	£ 300
3	23/02/2018	-	£ 600

Ms A's complaint has been assessed by one of our adjudicators. He thought that the checks Mr Lender had done before agreeing each of the loans had been sufficient. And that those checks suggested that Ms A could afford the repayments she's need to make. So he didn't think the complaint should be upheld.

Ms A didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've also taken into account the law, any relevant regulatory rules and good industry practice at the time the loans were offered.

Mr Lender was required to lend responsibly. It needed to make checks to see whether Ms A could afford to pay back each loan before it lent to her. Those checks needed to be proportionate to things such as the amount Ms A was borrowing, and her lending history, but there was no set list of checks Mr Lender had to do.

Mr Lender has told us about the checks it did before lending to Ms A. Before each loan it asked her for details of her income, and her normal expenditure. It used this information to calculate Ms A's disposable income. And Mr Lender checked Ms A's credit file before lending to her. Although I've only seen a summary of the results Mr Lender received I'm not aware of any adverse information on Ms A's credit file that I think should have caused additional concerns to the lender.

The information that Ms A gave to Mr Lender suggested that she was earning £2,250 a month at the time she was borrowing. And she said her disposable income ranged from £915 at the time of the first loan to £990 at the time of the last loan. The highest monthly repayment that Ms A needed to make was on loan 1 and totalled just under £270. Her smallest repayment was on loan 2 and was just over £150.

I think that the checks Mr Lender did before agreeing the loans were sufficient and proportionate. The amounts that Ms A needed to repay appeared to be sustainably affordable based on what she'd said about her finances. And as it was in the relatively early stages of its relationship with Ms A I think it was reasonable for Mr Lender to rely on that information without undertaking additional checks.

I appreciate that Ms A says her financial position was actually much worse. She says she was borrowing from a number of other short term lenders, and was spending a reasonable amount of money each month on what she describes as a "moderate gambling habit". But that wasn't something she told Mr Lender about at the time. And I don't think it was something that what I consider to be proportionate checks would have uncovered either. So I don't think Mr Lender was wrong to give any of the loans to Ms A.

my final decision

For the reasons given above, I don't uphold the complaint or make any award against PDL Finance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 2 November 2018.

Paul Reilly
ombudsman