

## **complaint**

Mr P complains that CarCashPoint Limited lent him money he couldn't afford to repay.

## **background**

Mr P took out a £1060 loan with CarCashPoint in December 2016.

He complained to CarCashPoint earlier this year that the loan wasn't affordable for him and that it was irresponsible for it to have lent to him. He says he was experiencing financial difficulties during this period. He said he was gambling irresponsibly which caused him to fall further into debt and he'd taken a number of payday loans.

Our investigator didn't recommend the complaint should be upheld. She thought CarCashPoint did enough checks before agreeing the loan and that it wasn't wrong to lend to Mr P.

Mr P disagrees with the investigator's opinion. He says, in summary, that proper checks were not carried out and he can't see how this can be deemed an affordable loan. So the complaint was passed to me to reach a final decision on.

## **my findings**

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

CarCashPoint was required to lend responsibly. It needed to check whether Mr P could reasonably afford to pay his loan back before it lent to him. There wasn't a set list of checks that CarCashPoint had to carry out. But the checks had to be proportionate to assess the affordability of the loan. What's proportionate depends on things like – but is not limited to – the size of the loan, the repayments and the information CarCashPoint had about Mr P.

Based on everything I've seen, I think CarCashPoint carried out proportionate checks on the loan Mr P took and I don't think it was irresponsible in lending to him. I can see this has been a difficult time for Mr P and I know this isn't the outcome he was hoping for. But I'll explain the reasons for my decision.

Before it agreed the loan, CarCashPoint carried out an affordability assessment, which showed Mr P's monthly income was greater than his monthly expenses. Mr P said he didn't complete this, but that it was completed by a CarCashPoint employee. A customer information sheet was also completed at the time – this included personal details and bank details for Mr P. So overall I think it most likely that Mr P provided the information to complete these forms and that it was fair for CarCashPoint to rely on this.

Mr P has said his credit file showed he had missed some mortgage payments and he had other debt on credit cards and with loans. CarCashPoint has told us its checks didn't take into account Mr P's credit file – so I need to consider whether the other checks it carried out were proportionate.

Mr P has complained that CarCashPoint said his wages were around £1850, when his statements show they were around £100 less than this. The affordability assessment does show Mr P's income was around £1750. As part of its checks CarCashPoint asked to see Mr P's annual tax statement – this shows income, after tax, for the tax year 2015-2016 as just over £22,000. I think CarCashpoint has reached the monthly figure of £1850 from this

tax statement. While there is a difference here, I think it's balanced by the affordability assessment – which shows CarCashPoint thought about Mr P's correct wage when reaching its lending decision. And, all things considered, there's not enough here for me to find that CarCashPoint has acted irresponsibly on this particular point.

Mr P has said CarCashPoint hasn't checked his bank statements – but CarCashPoint says it did. In situations such as this - where what actually happened may not be entirely clear - I have to rely on what I think is most likely to have happened.

CarCashPoint has sent me copies of the bank statements it says it received from Mr P. It said it considered and questioned Mr P about the gambling activity which appeared on the statements. It says it was satisfied with Mr P's explanation that the gambling was recreational and it didn't affect his ability to meet his obligations.

Mr P says CarCashPoint has incorrectly said he made a profit from his gambling, when he actually made a loss. I've thought carefully about this point. The information Mr P has provided us does show a loss. Whereas the period and range of statements CarCashPoint has said it reviewed indicates that, from one particular bookmaker, Mr P was in profit.

I can see Mr P was gambling, but after very carefully considering this, I don't think I can say it would've been unreasonable for CarCashPoint to accept Mr P's explanation for his gambling. And considering Mr P has told us that at the time he was doing anything he could to borrow money, I'm not sure he would've opened up more about his gambling had CarCashPoint pressed him on this.

I've also thought about what Mr P has said about his overdraft and payday loans that were on his statements. From the statements in the three month period leading up to taking the loan, I can see Mr P has used his overdraft – but in the main the account remained in credit. There's evidence of payday loans. But Mr P said to CarCashPoint he was borrowing from them to consolidate these loans. So seeing payday loans on statements wouldn't have been enough to suggest CarCashPoint shouldn't lend to him

Overall, based on what I've seen I'm satisfied CarCashPoint considered the activity on Mr P's statements.

Mr P has also told us he was suspended from work and CarCashPoint should've considered this. From everything I've seen I can't fairly say CarCashPoint was aware of this at the time the loan was granted. CarCashPoint said it completed a positive employment check and Mr P has signed documentation to say he didn't 'foresee any changes in his financial circumstances that may've affected his ability to service the loan repayments'. So I think CarCashPoint took sufficient steps to check Mr P's employment status.

I've also seen CarCashPoint undertook a Land Registry search on Mr P's property and checks on the vehicle the loan was secured against, before making its decision about lending to Mr P.

Mr P has said had CarCashPoint declined his loan it would've forced him to speak to his family sooner about getting support. But it was for Mr P to decide whether, and when, he approached his family. So it would be unfair for me to place the responsibility for a delay in this happening on CarCashPoint.

So overall, and having thought about everything I've been provided with, I think CarCashPoint's checks before giving Mr P his loan were proportionate. It follows that I can't ask it to do anymore here.

I know this decision will come as a disappointment to Mr P. But I hope he can see I've taken all of his comments into account in coming to my decision.

**my final decision**

For the reasons I've explained, I'm not upholding Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 29 August 2017.

Stephen Wise  
**ombudsman**