

## **complaint**

Mr W complains that My Finance Club Limited (trading as Monkey Dosh) gave him loans that he couldn't afford.

## **background**

Mr W took five loans from Monkey Dosh between July and October 2012. The amounts he borrowed varied from £200 to £500. Mr W repaid the first four loans on time. But he rolled the final loan over four times and incurred a default charge before repaying it.

Mr W believes that his pattern of borrowing should have alerted Monkey Dosh to the problems he was having at the time. He points out that he had to re-borrow within days of repaying loans. And he says the amounts he borrowed increased. So he believes that Monkey Dosh shouldn't have continued to lend to him.

Our adjudicator recommended that the complaint should be upheld. In summary, she said that Monkey Dosh had told us it had looked at Mr W's bank statements before making the loans. And bearing that in mind, she thought it ought to have noticed that Mr W was gambling frequently and taking out a lot of other short-term loans. She thought this should have prompted Monkey Dosh to carry out a full review of Mr W's financial situation. And she thought that if it had done so, it would have realised that Mr W couldn't afford the loans.

So the adjudicator recommended that Monkey Dosh refund all interest and charges on the loans, with interest on the refund, and that it remove any negative information about the loans from Mr W's credit file.

## **my findings**

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

Monkey Dosh was required to lend responsibly. It needed to make checks to see whether Mr W could afford to pay back each loan before it lent to him. Those checks needed to be proportionate to things such as the amount Mr W was borrowing, the length of the agreements and his borrowing history. But there was no set list of checks Monkey Dosh had to do.

Monkey Dosh says that it asked Mr W for details of his normal income. And it checked his credit file before making each loan. It hasn't provided the results of its credit searches. But it says that his credit record was good, and that he was repaying his loans to other lenders.

Additionally, in its final response to Mr W's complaint, Monkey Dosh said that it checked Mr W's bank statements before lending. I acknowledge that after the adjudicator issued her view, Monkey Dosh said that it isn't reasonably proportionate to expect it to "*review [Mr W's] bank statements and draw conclusions about his lifestyle*".

I've looked at Mr W's bank statements for the period in which he was borrowing from Monkey Dosh. I think that it would have been apparent from even a brief look at them that Mr W was already borrowing unsustainably. It would have been obvious that he was making numerous gambling transactions, but even without taking those into account, he was taking multiple loans from a range of payday lenders. And I think it would have been clear that he was only managing to repay his loans by taking out more loans.

Taking everything into account, I think it should have been clear to Monkey Dosh from the information it had available to it that Mr W wouldn't be able to afford to repay the loans in a sustainable manner, and that they were unaffordable to him. And it could, and should, have reached that conclusion without the need to make any judgments about Mr W's lifestyle.

There was no significant change in Mr W's financial situation throughout the time that he was borrowing from Monkey Dosh. So I don't think that Monkey Dosh should have made any of the loans to Mr W.

I should add that even if Monkey Dosh hadn't asked for Mr W's bank statements before lending, I think that by the time he applied for the third loan, for £500, it ought to have carried out a full review of Mr W's financial situation. £500 was a large proportion of Mr W's take-home pay. At that point it would have been clear that Mr W couldn't afford to take on more borrowing. As it is, in the absence of further detail of the checks that Monkey Dosh carried out before each loan (which it's been asked for, but hasn't provided) I've reached my decision assuming that Monkey Dosh asked for Mr W's bank statements before making each loan, as it said in its final response to Mr W.

I accept that Monkey Dosh agreed to an extension of the final loan when Mr W told it he was experiencing financial difficulties. But that doesn't affect my view that it was irresponsible to make the loans in the first place.

Finally, Monkey Dosh has suggested that payments Mr W was receiving from a relative should be taken into account when assessing his income. Mr W's explained that those payments were made because he was struggling with his debts. And I find what he says convincing. The payments weren't regular. Circumstances can change, so I can't be sure that the relative would have been in a position to carry on paying them. And I don't think it's appropriate to regard them as part of Mr W's regular income. What's more the payments were, in any event, only being made because Mr W was already borrowing more than he could afford to pay back. So this point doesn't alter my view that the complaint should be upheld.

### **putting things right**

I don't think Monkey Dosh should have agreed to give Mr W any of the loans he took. To put things right Monkey Dosh should:

- Refund all interest and charges applied to each loan;
- Add simple interest at a rate of 8% per annum to each of these amounts from the date they were paid to the date of settlement\*.
- Remove any negative information about the loans from Mr W's credit file.

\*HM Revenue & Customs requires Monkey Dosh to take off tax from this interest. Monkey Dosh must give Mr W a certificate showing how much tax it's taken off if he asks for one.

### **my final decision**

My final decision is that I uphold this complaint. I direct My Finance Club Limited (trading as Monkey Dosh) to put things right by doing as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 19 October 2017.

Juliet Collins  
**ombudsman**