

complaint

Mrs S complains that PDL Finance Limited (trading as Mr Lender) was irresponsible to lend to her.

background

Mrs S borrowed £250 from Mr Lender in May 2011. She says if Mr Lender had done better checks it would've found she was in financial difficulty and using one loan to repay another.

Mr Lender says it checked Mrs S's employment and income at the time she applied for the loan. It also says it carried out a credit check, her credit score was acceptable and there was nothing else to indicate financial difficulties.

Our adjudicator did not recommend the complaint should be upheld. She wasn't satisfied Mr Lender had done enough checks before approving Mrs S's loan and considered it should have also asked her about her regular outgoings. But when our adjudicator looked at Mrs S's bank statements to assess her expenditure, she found it likely that Mr Lender would have considered Mrs S's disposable income to be high enough to afford the loan repayment.

Mrs S responded to say that her living expenses were far higher than the figure quoted by the adjudicator and proper checks by Mr Lender would have shown her debt situation.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mrs S and to Mr Lender on 6 February 2019. I summarise my findings:

- I didn't consider Mr Lender did enough checks before approving Mrs S's loan;
- But I was satisfied that, even with better checks, Mr Lender was still likely to have found the loan affordable;
- Mrs S rolled the loan over ten times before repaying it;
- I took into account the Office of Fair Trade's guidelines from 2010 which said loans should not be rolled over in a way that was unsustainable;
- I found that by the fourth rollover Mrs S had repaid more than the original scheduled repayment so considered Mr Lender should have suspected financial difficulties and carried out further checks before approving additional rollovers;
- Mr Lender was likely to have found Mrs S was unable to repay its loan in full due to other loan repayments that were due at the same time;
- Mrs S was also spending a lot of money on gambling;
- I didn't think it was responsible for Mr Lender to allow the fifth, or subsequent, rollovers.

Subject to any further representations by Mrs S or Mr Lender, my provisional decision was that Mr Lender should refund interest and charges after the fourth rollover (plus 8% statutory interest) and remove any negative information about the loan from Mrs S's credit file.

Mr Lender accepted my provisional decision and Mrs S had nothing further to add.

my findings

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

As neither party provided any additional information, and Mr Lender accepted my provisional decision, I see no reason to depart from it.

my final decision

My decision is that I partly uphold Mrs S's complaint. PDL Finance Limited (trading as Mr Lender) should:

- Refund all interest and charges that Mrs S paid after the fourth rollover;
- Pay interest of 8% simple a year on all refunds from the date of payment to the date of settlement*;
- Remove any negative information about the loan from Mrs S's credit file.

*HM Revenue & Customs requires Mr Lender to take off tax from this interest. Mr Lender must give Mrs S a certificate showing how much tax it's taken off if she asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 12 April 2019.

Amanda Williams
ombudsman