

## **complaint**

Mr G complains that WDFC UK Limited trading as Wonga ("Wonga") gave him unaffordable loans. He wants a refund of any interest paid, together with interest.

## **background**

In my provisional decision I set out why I intended to uphold Mr G's complaint. Wonga responded and said it thought it had carried out proportionate checks. It said it wasn't proportionate to carry out further checks when the first loan was rolled over for a third time and it was entitled to rely on earlier information. Mr G had no comment to make.

## **my findings**

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. In my provisional decision I said:

When lending money to a consumer, lenders are required to ensure the consumer can repay the borrowing in a sustainable manner without it adversely impacting on their financial situation. A lender should obtain sufficient information to make an informed decision about the lending. Exactly what the lender should consider is for each lender to decide and the guidance and rules lists a number of things each lender may wish to consider. Any checks should be proportionate, based on the size of the borrowing.

I agree with the adjudicator that when Wonga first gave Mr G the loans, each time it carried out proportionate checks, including checks with the credit reference agencies and considering the information from Mr G himself. He didn't tell Wonga he wanted to use the money for gambling, but when Mr G did tell it about his financial difficulties, it took appropriate action to assist him.

And I also agree that the pattern of lending itself wasn't concerning and shouldn't have alerted Wonga that Mr G was struggling.

But I also agree with the adjudicator that Wonga shouldn't have allowed the first loan to have been rolled over three times. It hasn't shown what checks it carried out when the loan was rolled over the final time. I think it's more likely than not had Wonga carried more checks and asked more questions before allowing Mr G to roll over the first loan a third time, it would've seen Mr G was gambling and struggling financially. I think Wonga would've taken the view the third roll over was unaffordable for Mr G at that time.

I note that the second loan was taken out four months after the first loan. I think that's a sufficient gap to make it fair and reasonable for Wonga to think the issues with paying the first loan had resolved, particularly as the first loan was taken out over the New Year when it can be normal to struggle with paying debts. The checks it carried out then and for the later loans were in my view proportionate.

I agree that it's fair and reasonable for the interest and fees paid by Mr G when the loan was rolled over a third time to be refunded by Wonga, together with interest. I calculate the interest and fees paid as being the same as that calculated by the adjudicator; £54.19.

I've considered carefully Wonga's response to my provisional decision, but I'm not persuaded to change my view. It agrees it didn't carry out checks when the loan was rolled over for a third time, and I think it would've been proportionate to carry out more checks at that point as Mr G was struggling to pay the debt; otherwise, he wouldn't have needed to roll over the loan. And nothing has been said which has changed my views about affordability.

**my final decision**

My final decision is that I uphold the complaint and WDFC UK Limited trading as Wonga should refund £54.19 together with 8% simple interest from the date of payment until the date of refund.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 24 October 2016.

Claire Sharp  
**ombudsman**