

complaint

Mr M complains that TM Advances Limited ("TM Advances") gave him a loan which was unaffordable for him.

background

In March 2016 Mr M took a loan with TM Advances over a period of 60 months. On 4 July 2017 he complained to TM Advances as, he thought, he should never have been given such an unaffordable loan. He asked TM Advances to refund the interest and extra charges or to clear the outstanding debt.

TM Advances didn't uphold his complaint. They thought the loan was affordable and disclosed the affordability calculations they'd made when Mr M applied for the loan. Mr M complained to us.

Our adjudicator didn't uphold the complaint. He found the checks TM Advances completed were reasonable and proportionate. He thought, although Mr M's credit file did show payday loans at the time of the application, there were no judgements or defaults. And the reason Mr M gave TM Advances for the loan was debt consolidation.

Mr M asked to take this further. He thought if TM Advances had looked at his statements, when they asked for them, they'd have seen an obscene amount of gambling which should've raised alarm bells. And he admitted he probably put down that he was consolidating his loans but this was an excuse to get the loan.

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'm sorry to hear of Mr M's financial difficulties and I'm aware he feels strongly about TM Advances' conduct. But I'm not persuaded this is a complaint I can fairly and reasonably uphold.

Mr M thinks his circumstances – his *actual* income and expenditure when he applied, previous payday loans which defaulted and gambling transactions on his statements – should've indicated to TM Advances this loan was unaffordable and it was irresponsible of them to lend him the money. But I disagree.

It's for the bank to decide what affordability criteria to apply and what risk it was willing to take when it lent money. This service won't usually interfere with that. TM Advances has provided the original application and shown the affordability calculation undertaken *then*, based on information in the application signed by Mr M. And they said Mr M met their lending and affordability criteria. On the basis of this, and other information, Mr M qualified for the amounts he had applied for. Mr M *now* says his *actual* income and outgoings at the time were different to the point where his expenditure exceeded his income. But TM Advances couldn't reasonably be expected to know that at the time of the application. So, I can't say TM Advances was wrong to approve the loan application.

The credit file Mr M's sent us does show payday loans existing in March 2016. But, as the adjudicators explained, TM Advances' search of Mr M's credit file showed he didn't have any court judgements nor had he defaulted on any payday loan payments prior to this application. And, I think, this, along with the reason Mr M gave TM Advances for the

borrowing, meant TM Advances could reasonably expect these payday loans would be settled shortly after they advanced the money to Mr M.

Mr M thinks his statements, showing gambling transactions, should've indicated to TM Advances he had a gambling problem. So, he says they shouldn't have lent him the money. But TM Advances asked for the statements to verify Mr M's stated income, which they did. Even if TM Advances had undertaken a review of the transactions I'm not sure they'd have caused concern as Mr M said the loan was for consolidation of previous payday loans which could be seen on his credit file. And Mr M didn't tell the bank about his gambling problem until 2017 – the earliest reference which I can find is when he emailed his complaint on 4 April 2017. So, whilst I don't underestimate the difficulties Mr M may've had, I don't think it's reasonable to expect TM Advances to know he had a gambling problem, when he applied for the loan in March 2016.

I'm aware Mr M feels strongly about TM Advances conduct. But I hope I've explained why I'm not persuaded this is a complaint I can fairly and reasonably uphold. Mr M chose to spend the money he borrowed other than for the loan consolidation he'd stated. And he's had the benefit of it. There's no record of him making TM Advances aware of his gambling problem before 4 April 2017 *and* he's given inaccurate information about the purpose of the loan and his finances. So, I'm not satisfied that TM Advances acted irresponsibly when it approved the loan. Nor do I find that there's any reason to challenge the interest or charges applied.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 27 November 2017.

Annabel O'Sullivan
ombudsman