

## complaint

Mr L complains that three guarantor loans from Amigo Loans Limited ("ALL") were unaffordable and so ALL was irresponsible to lend to him.

## background

Mr L took out three loans from ALL as follows:-

Loan	Date of Loan	Amount	Term	Monthly payment
1.	14/4/2010	£3,300	36 months	£151.19
2.	22/8/2011	£4,500	60 months	£162.60
3.	21/10/2013	£5,000	60 months	£197.62

Part of the proceeds of Loan 2 (£2,280.11) was used to repay Loan 1, and part of the proceeds of Loan 3 (£3,398.67) was used to repay Loan 2. Loan 3 was repaid by the guarantor in 2017.

Mr L said that ALL hadn't carried out sufficient affordability checks or considered his payday loans, twelve defaults and gambling problem.

ALL said that it hadn't considered the complaint for Loan 1 as it was brought outside the six year time limit. But it said that the payments on Loans 1 and 2 were well maintained with only one payment missed in April 2013 which the loan's guarantor then paid. ALL said that it had checked Mr L's credit file on application and spoken to him to go through his income and expenditure. It also considered and budgeted for the other credit accounts shown on Mr L's credit file to ensure he could make his loan repayments. It wasn't aware that Mr L had a debt management plan or that he gambled. It said that Mr L had sufficient disposable income left over after taking into account Mr L's declared expenditure, its loan repayments and other credit repayments.

The adjudicator didn't recommend that the complaint should be upheld. She said that she couldn't consider Loan 1 as the complaint was made out of time on the basis of the six year rule which this service had to observe. And she didn't think that the three year rule applied as she thought that Mr L was aware of the issues which ALL hadn't taken into account at each point of sale. She also said that she hadn't been made aware of any exceptional circumstances that would've stopped Mr L making the complaint in time.

The adjudicator also noted that ALL had gone through a detailed income and expenditure assessment with Mr L, made comprehensive credit checks and taken into account Mr L's existing financial commitments. So, she thought that ALL's checks were sufficient taking into account the amount of the monthly instalments. The adjudicator also noted that Mr L didn't tell ALL about his financial position, his gambling problem, and that he'd entered into a debt management plan. She said that ALL was entitled to rely on the information Mr L gave it. She concluded that ALL had made proportionate checks and didn't think ALL had been wrong to lend to Mr L.

Mr L disagreed and responded to say that ALL hadn't acted responsibly and didn't do sufficient checks especially as he had a debt management plan and many defaults on his credit file at the time. He was also paying out more money than he'd told ALL and he'd felt that this should have been checked.

## **my findings**

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

### *Loan 1*

The dispute resolution rules we follow say that we can't generally look at a complaint that's referred to us or the financial business more than six years after the event complained about or, if later, more than three years after the complainant knew - or ought to have known - they had cause for complaint. But we can disregard those time limits if the failure to comply with them was as a result of exceptional circumstances.

I note that Loan 1 was taken out more than six years ago. And the event Mr L is complaining about is ALL's decision to provide him with Loan 1. This decision was taken before Loan 1 was made which was more than six years before he complained. So, I don't think we can look at the complaint about Loan 1 because Mr L complained more than six years after the event complained about.

But, I also need to consider when Mr L knew, or ought to have known that there was a potential problem, and if he then complained within three years of that date. I can see that Loan 2 was used to repay the balance of Loan 1 and I note that Mr L had payment issues with Loan 2 in April 2013. So, I think Mr L ought to have known in 2013 that there were problems with ALL's lending as there were occasions in that year when he was struggling to meet the repayments. I think this ought to have been enough to have prompted an awareness in him that he had a potential cause for complaint. So, because Mr L didn't complain within three years of this, I don't think I can consider Mr L's complaint about Loan 1.

I'm also not aware of any exceptional circumstances in his case that might have prevented Mr L from complaining earlier. So I'm satisfied that Mr L's complaint about Loan 1 isn't one we can look at under the rules we follow, as it has been made too late.

### *Loans 2 and 3*

ALL was required to lend responsibly. It needed to make checks to make sure Mr L could afford to repay each of the loans before it lent to him. Those checks needed to be proportionate to things such as the amount Mr L was borrowing, the length of the agreements and his lending history. But there was no set list of checks ALL had to do.

ALL told us that before lending to Mr L, it had asked him about his income and expenditure. I've listened to the call between Mr L and ALL prior to Loan 2 being made. Mr L said that his average monthly income was £1,700, and that he lived with his parents and contributed £100 towards rent. ALL told Mr L that it had seen on his credit file that he had four outstanding loans and Mr L said that he paid £300 each month towards these and that he would be using the proceeds of Loan 1 to repay his two outstanding payday loans. ALL's budget screen supports what Mr L had told ALL during the call. And it shows that Mr L had disposable income of around £1,100 left after his monthly repayment for Loan 2 was made, which appears to be sufficient.

I've also seen ALL's budget screen report for Loan 3. It appears from this that ALL was aware of Mr L's defaulted credit accounts and Mr L's regular expenditure on his rent, council tax, food, phone and clothes. It also had details of Mr L's proposed repayments to his other credit accounts. After deducting these amounts and the repayment amount for Loan 3 from his income of £1,500, I can see that Mr L would still have been left with sufficient disposable income for unexpected expenses.

I've also thought about the wider circumstances. I can see that Mr L didn't miss his first repayment until three years after taking out Loan 1, and his second repayment wasn't missed until two months after he'd taken out Loan 3. I also note that Mr L intended to use Loans 2 and 3 to consolidate earlier borrowing.

So, I think the information ALL gathered before each loan was made was proportionate for those loans. And I'm not persuaded that in these circumstances there was any need for ALL to gather more information about Mr L's circumstances. And overall on the information I have, I don't think ALL lent irresponsibly.

I appreciate Mr L now says that his expenditure was much higher than was recorded but a business is entitled to rely upon the information a customer provides about their circumstances, unless there's anything to indicate the business should have known the information provided is wrong. I've seen nothing here that would indicate ALL should have known the information provided at the time of Mr L's loan applications wasn't accurate. I also note that Mr L said that he had a debt management plan, but I've not seen anything to show that he'd told ALL about this.

Having carefully considered all that's been provided here, I think ALL did sufficient checks when deciding to lend to Mr L. So, I don't think ALL acted unreasonably here and I don't think Mr L's complaint in relation to Loans 2 and 3 should be upheld.

I understand that this decision will be disappointing for Mr L. I'm sorry we're unable to help him any further on this occasion.

### **my final decision**

With regard to Loan 1, my decision is that this service has no power to look at Mr L's complaint. With regard to Loans 2 and 3, my decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 15 January 2018.

Roslyn Rawson  
**ombudsman**