

complaint

WDFC UK Limited, trading as Wonga, approved one loan after Mr T applied for it in April 2017. Mr T says that it was unaffordable and irresponsible of Wonga to lend to him.

Mr T complains that his letters of complaint to Wonga last year have been ignored by it.

background

Mr T is represented by a family member and I will refer to him as Mr M.

Mr T applied for £250 in April 2017 and the repayments were to be spread over three months on 19 May, 19 June and 19 July 2017. Each was scheduled to be a little under £131. The total due to be repaid was just over £392.

In May 2017 Wonga emailed Mr T to say it had not received the May 2017 instalment. In late July 2017 Mr T wrote to Wonga to say he was making a complaint about irresponsible lending and asking for details of the loan account. He asked for the outstanding loan to be put on hold and frozen until the complaint was resolved. Wonga has told me it did not receive that letter.

On 4 August 2017 Wonga said that the instalment payments was overdue and asked for £397 to repay the debt.

On 31 August 2017 Mr T wrote again in which he said that Wonga failed to carry out suitable background checks to verify the data he had given to Wonga when he applied for the loan. He said that as a consequence he was '*caught in a spiral of debt*'. Mr T offered to clear the debt by paying £125 and asked for the account to be frozen until the complaint had been resolved.

Wonga's records show me that it acknowledged that letter by email to Mr T as it was the registered email address on the account. It explained that it was being passed to its complaints department. Wonga's final response letter was dated 19 October 2017 was emailed to Mr T's email account.

On 12 December 2017 Wonga instructed a third party debt collection agency to collect the debt of £397. It has said that the reason was due to non-payment for over 60 days. Mr M has told us that Mr T and the debt collection agency representative had a telephone call and corresponded to try to settle the debt which was not resolved.

Recently I have been informed by Wonga that Mr M has settled the debt on behalf of Mr T by payment of £397 to a third party debt collector.

Our adjudicator considered Mr T's complaint and thought that Wonga had not done anything substantially wrong. He did not uphold Mr T's complaint. Mr T did not agree and the complaint remained unresolved and so it was passed to me.

I issued a provisional decision on 1 June 2018 the main body of which is attached to this decision and forms part of it. In that provisional decision I said that I was not planning to uphold the irresponsible lending aspect of the complaint. And on the evidence I had at the time, I did not think Wonga had handled this complaint incorrectly.

I invited both parties to send me anything else they wished me to see by 15 June 2018.

my findings

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I have taken into account the law, regulations and guidance applicable at the time.

The Financial Conduct Authority was the regulator and its Consumer Credit Sourcebook ("CONC") contains some of the rules. A potential lender had to carry out an assessment of the creditworthiness of an applicant/customer: CONC 5.2.1R (1). And the extent of the assessment was to be in proportion to a number of factors.

Mr M on behalf of Mr T did respond to my provisional decision, indicating that he did not accept it and sent no more information. Wonga received it but has not responded.

In view of this then I see no reason to depart from my findings in my provisional decision. My final decision is the same as that set out in my provisional decision and for the same reasons.

my final decision

My final decision is that I do not uphold either aspect of Mr T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 20 July 2018.

Rachael Williams
ombudsman

the main part of the provisional decision dated 1 June 2018.

my provisional findings

I've considered all the available evidence and arguments to come to a provisional decision on what's fair and reasonable in the circumstances of this complaint. I have taken into account the law, regulations and guidance applicable at the time.

The Financial Conduct Authority was the regulator and its Consumer Credit Sourcebook ("CONC") contains some of the rules. A potential lender had to carry out an assessment of the creditworthiness of an applicant/customer: CONC 5.2.1R (1). And the extent of the assessment was to be in proportion to a number of factors.

I have been told of Mr T's health problems and I am sorry to hear of them. I have to consider whether Wonga carried out checks proportionate to the loan being asked for. And if there was anything that Wonga had discovered or been told by Mr T at the time of the application which ought to have given it cause for concern or prompted further enquiries.

This was the first application to Wonga by Mr T. He had told Wonga he was self-employed and got £900 a month as income. His indebtedness was going to be over a few months so I would have expected Wonga to have asked for his monthly outgoings as well. It did this.

Mr T told Wonga that his monthly outgoings were £50 on food, £100 on utilities and/or bills, £50 on travel which adds up to £200. For the categories 'mortgageRent', 'other' and 'creditCommitments', Mr T had entered '£0'. So Wonga would have calculated that Mr T had £700 of money left with which to repay £131 a month for three months. So it would appear that the loan was affordable.

If Wonga had considered it odd that Mr T had entered '£0' for some of the categories, then I have thought about what Mr T was likely to have said if asked. In relation to his rent, I think it is very likely Mr T would have said that he was living at home. I say this because the address we have for Mr T is also Mr M's address, and is the one given to Wonga and used to write to him in April 2017. And so if Wonga had asked about the '£0' entry, Wonga is not likely to have thought it unreasonable that his rent was zero.

I can see from Wonga's records that it carried out a credit bureau search. Mr M has sent us Mr T's personal credit report from October 2017 and it appears that at that date his credit score was labelled as 'poor'. Mr M has queried how Wonga could have lent with a score of 'poor'. I do not know what the score may have been on the application date of 14 April 2017.

From Mr T's personal credit report I can see that as at 14 April 2017 Mr T had three bank accounts, a credit card and no outstanding loans or other short term lending. So I think if Wonga had asked Mr T about any outstanding credit then from what I have seen from Mr T's credit file, it's not likely his answers would have prompted a concern. Later I see that the position changed which may explain the 'poor' score six months later in October 2017.

And as for Mr T's income, at that stage of the lending relationship I would not have expected Wonga to ask for details about his self-employment. I would not have expected it to ask for copies of his bank statements. At that stage it would have been disproportionate.

So I think that Wonga carried out proportionate checks and it was reasonable to use the information it had been given or discovered. And this loan would have appeared affordable.

I have thought about whether it's likely that Wonga would have been placed on notice that Mr T had health issues in April 2017 and on balance I do not think that was likely. So I do not think it's reasonable to have expected Wonga to have made a lending decision knowing about these issues or being prompted to ask Mr T about them.

I am planning not to uphold Mr T's complaint about the irresponsible lending complaint.

I don't think that Mr T's complaint was ignored or mishandled. I do not know why Mr T's July 2017 letter was not received by Wonga. Or having been received (because it was sent as 'signed for' postal delivery) I do not know why it was not actioned. I do see from the copy of that letter it had no reference to Mr T's loan or account numbers. That may have been the reason this letter was not actioned as it may never have been married up with Mr T's account. But without more I cannot make a finding that Wonga did something wrong in relation to that letter.

Mr T's second complaint letter dated 31 August 2017 was received by Wonga on or about 4 September 2017. It prompted Wonga's final response letter in October 2017 with referral rights to this service. It included an invitation to get in touch to arrange a repayment plan. This letter was within the expected complaint handling time periods we would expect Wonga to adhere to. It was sent to Mr T's email registered on the account.

I have no information as to what may have passed between Mr T, or Mr M and Wonga between October and December 2017. I invite both parties to send me more about this period if they wish. On the evidence I have at the moment, I do not think Wonga handled this complaint incorrectly.