

Complaint

Mr P complains about three logbook loans Greenlight Credit Ltd lent to him between March 2017 and March 2020.

The details of this complaint are well known to both parties, so I will not repeat them all again here. The adjudicator that looked at the complaint concluded that Greenlight didn't responsibly lend any of the loans to Mr P. Greenlight accepted that it shouldn't have lent loans 2 and 3 but has said it lent loan 1 responsibly.

As loans 2 and 3 have been resolved, I will focus on giving the reasons for my decision concerning loan 1 which was lent in March 2017 and repaid in September 2018.

My findings

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

Having done so, I agree with the conclusions reached by the investigator for these reasons:

- Before lending money to a consumer, a lender should take proportionate steps to understand whether the consumer will be able to repay what they're borrowing in a sustainable manner without it adversely impacting on their financial situation.
- Given the length of the loan, I think Greenlight should have been carrying out a thorough check to verify some of the information Mr P provided and reacted to the results of its findings.
- Mr P has provided his bank statements from the time of loan 1, and I've used this to understand his financial circumstances at the time. From what I can see, Mr P's income was similar to £1,800 which he declared at the time of the loan application.
- But I can also see that he was regularly transferring funds to another account. Mr P has said he had a gambling addiction and these funds were being used to fund this addiction.
- I find this explanation plausible. I say this because the funds were transferred in several transactions a day, this is a similar pattern to which gambling transactions would show on a bank statement. Also, from looking at Mr P's subsequent bank statements, I can see that it was a pattern that continued.
- Had Greenlight carried out what I consider to be proportionate steps, it's likely to have found that around the time of this loan, Mr P spent more than he earned and from what I can see, it appears Mr P spent more than £1,000 on gambling. I can also see that he'd borrowed from other high cost credit lenders. This wasn't a sustainable position. As a responsible lender, it shouldn't have lent Mr P loan 1 and it needs to put things right.

Putting things right – what Greenlight needs to do

- refund all the interest and charges applied as a result of loans 1, 2 and 3;
- add interest at 8% per year simple on the above interest and charges from the date they were paid, if they were, to the date of settlement†;

- remove any adverse information recorded on Mr P's credit file as a result of the interest and charges on these loans;

†HM Revenue & Customs requires Greenlight to take off tax from this interest. Greenlight must give Mr P a certificate showing how much tax it's taken off if he/she asks for one.

My final decision

My final decision is that I uphold this complaint and require Greenlight Credit Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 12 December 2020.

Oyetola Oduola
ombudsman