

complaint

Mr J has complained that Logbook Money Limited (“Logbook Money”) irresponsibly provided him with a logbook loan.

background

Logbook Money provided Mr J with a loan of £1,100 in December 2017. The loan was due to be repaid in 78 weekly instalments of £39.49. This meant that the total cost of the loan was £3,080.22.

One of our adjudicators looked at Mr J’s complaint. She thought that Mr J’s complaint should be upheld and that Logbook Money’s decision to lend was so unfair it should write off the remaining balance on Mr J’s account.

Logbook Money agreed that it shouldn’t have lent to Mr J. But it thought that writing off the remaining balance was excessive. It instead offered to remove all the interest and charges applied to the outset of the agreement and also terminate the Bill of Sale that it had for Mr J’s car. Both our adjudicator and Mr J didn’t think that this went far enough. So the complaint was passed to an ombudsman for a final decision.

my findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint. We’ve set out our approach to complaints about irresponsible lending complaints on our website. And I’ve used this approach to help me decide Mr J’s complaint.

Both parties accept that Mr J shouldn’t have been provided with his loan. So I don’t need to consider whether it was fair for Logbook Money to lent to Mr J in the first place, all I need to look at is whether what it has agreed to do goes far enough.

Logbook Money has agreed to remove all of the interest and charges applied to Mr J’s account from the outset. And it has also agreed to terminate the Bill of Sale on Mr J’s car. So, on the face of things, what Logbook money has agreed to do is along the lines of what we’d typically say a logbook loan provider should do in cases where a logbook loan shouldn’t have been provided.

That said, I’m mindful of the particular circumstances of this case and Logbook Money’s decision to provide Mr J with a loan after it had declined an initial application because of his gambling. I appreciate that Logbook Money may have been prepared to take this level of risk when lending because it had the confidence and knowledge that Mr J’s then partner’s income was going into Mr J’s account.

But just because Logbook Money thought it had a better chance of getting its money back this doesn’t mean that Mr J could repay what he was lent sustainably. And having carefully considered matters, I think that Logbook Money lent to Mr J in circumstances where it ought reasonably to have realised that there was a significant risk it wouldn’t get what it was advancing back without this causing Mr J financial difficulty.

As Logbook Money’s decision to advance credit in these circumstances was so egregious and paying back the outstanding balance back is likely to cause Mr J distress and financial

difficulty going forward, I think that Logbook Money needs to do more to put things right than simply removing the interest and charges added to the account from the outset. And I think that Logbook Money should write off the outstanding balance on Mr J's loan as well as terminating the Bill of Sale on his car.

So to put things right in this case Logbook Money should write off the existing balance on Mr J's loan and also terminate

my final decision

For the reasons I've explained, I'm upholding Mr J's complaint. Logbook Money Limited ("Logbook Money") should put things right in the way that I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 19 January 2020.

Jeshen Narayanan
ombudsman