

## **complaint**

Mr P complains that PDL Finance Limited (trading as Mr Lender) gave him loans that he couldn't afford to repay. He asks that it refunds interest and charges and removes information about the loans from his credit file.

## **background**

Mr P took out two instalment loans with Mr Lender, in 2016 and 2018. He says he had a lot of loans and a problem with gambling. Mr P says Mr Lender should have made more checks before lending to him. Mr P says he agreed a repayment plan for the first loan and, despite this, Mr Lender offered him another loan.

Our adjudicator didn't recommend that the complaint should be upheld. He said the checks made by Mr Lender were proportionate, given the amount of the loan repayments and Mr P's stated income. While there was a default on Mr P's credit file this didn't mean Mr Lender couldn't lend if it did appropriate affordability checks. There was a break of about 10 months between Mr P repaying loan 1 and taking out loan 2. The information Mr Lender received suggested the loans were affordable.

Mr P didn't agree. He said Mr Lender should have been aware of a problem due to him not being able to maintain repayments for loan 1. And his credit file would have shown missed payments for other loans.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Mr P took out loan 1, of £500, in November 2016. The loan was repayable in six monthly instalments starting at £235 and decreasing to £103.

Mr P took out loan 2, of £450, in April 2018. The loan was repayable in six monthly instalments starting at £233 and decreasing to £93.

Mr Lender says it checked Mr P's stated income of £1,700 to £2,000 with his employer. It says the information Mr P provided about his expenditure suggested he'd have about £1,000 left after meeting his outgoings. And he confirmed he wasn't using the loan to repay debts or for gambling purposes.

Mr Lender did a credit check. This was either limited in scope or it provided only a summary of the results to us. This showed no recent defaults and no bankruptcy, individual voluntary arrangements (IVA) or county court judgements (CCJ).

I've considered what Mr P has said about his circumstances when he took out the loans.

Mr P had a default recorded on his credit file in July 2015. This was about 18 months before loan 1, so I don't think Mr Lender would have known about it (its search was for defaults within the previous year). He had some accounts with late payments, although these were

mostly settled or up to date when he took out the loans. But even if Mr Lender knew about the default and late payments, it doesn't mean it can't lend, provided it carries out the right checks and is satisfied the loan is affordable.

The account statement for loan 1 shows Mr P missed the first repayment due in December 2016. He agreed a repayment plan and made monthly payments of £144 from January to June 2017. The loan was repaid in June 2017, one month after the original due date. I don't think the missed payment means Mr Lender shouldn't have offered loan 2 to Mr P. Mr P maintained the payment arrangement from January to June 2017. There was about 10 months between him repaying loan 1 and taking out loan 2. In the circumstances, I don't think it's unreasonable for Mr Lender to assume that Mr P would have recovered from any temporary payment problems by April 2018.

I think, in the circumstances, the checks made by Mr Lender were proportionate. The information Mr Lender received suggested the loans were affordable.

### **my final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 22 March 2019.

Ruth Stevenson  
**ombudsman**