

complaint

Mr M complains that Curo Transatlantic Limited trading as Wage Day Advance (WDA) was irresponsible to lend to him.

background

Mr M took out two loans with WDA. Mr M was due to repay just under £184 on the first loan that he took out in April 2018. Mr M took out the second loan immediately on repaying the first loan. Mr M was due to repay the second loan by three instalments with a final instalment of about £184.

Mr M thinks that if WDA had checked his bank statements, it would've realised that he was borrowing from multiple payday lenders to help support his gambling addiction. Ideally, Mr M would like WDA to cancel the second loan entirely.

WDA says it asked Mr M about his income and outgoings. It recorded Mr M's monthly income to be £1,500 and his outgoings to be £350.

The adjudicator didn't recommend that Mr M's complaint be upheld. He thought that WDA's checks went far enough. Based on what WDA knew about Mr M it appeared as though he could afford to repay both loans.

Mr M isn't happy with the adjudicator's recommendation. He referred to the Financial Conduct Authority (FCA) rules about creditworthiness assessment and previous decisions by this service.

Mr M thinks that WDA should've asked for bank statements. Mr M thinks that that his gambling addiction should make a difference to the outcome of his complaint. Mr M thinks it's unfair that he's being penalised because he took out a number of small loans with different lenders and that his complaint should be considered as a whole.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I agree with the adjudicator's recommendation.

WDA was required to lend responsibly. It needed to make checks to see whether Mr M could afford to pay back each loan before it lent to him. Those checks needed to be proportionate to things such as the amount Mr M was borrowing, the length of the agreements and his borrowing history. But there was no set list of checks WDA had to do.

Even if I find that WDA didn't carry out adequate checks, it won't necessarily mean that I must uphold Mr M's complaint. I would need to be persuaded that with proportionate checks, WDA would've discovered that Mr M couldn't afford one or both of the loans.

The maximum repayment on both loans represented a fairly small proportion of Mr M's declared monthly income. As it was early on in Mr M's lending history with WDA, I think it would've been reasonable of WDA to agree to lend based on his income alone.

WDA went further than this and asked Mr M to give it details of his monthly expenses. It also carried out a credit check before agreeing the first loan. The check didn't show any accounts in debt management or any defaults. WDA's check didn't show any other active short term and it returned a zero debt figure. So I think that it was reasonable of WDA to have a degree of confidence that the information that Mr M gave it about his income and outgoings was correct.

Mr M has referred to the FCA guidance and I want to reassure him that I've considered this as part of my assessment. Even if I was to find that WDA should've asked for a payslip as evidence of Mr M's monthly income, it wouldn't change the outcome. This is because although Mr M's salary was slightly less than he declared to WDA, based on the expenditure figures that he gave, both loans would've still appeared affordable for Mr M.

I don't think WDA needed to verify what Mr M said by asking to see bank statements. I appreciate that Mr M's situation was worse than he told WDA – particularly as was struggling with a gambling addiction – but I wouldn't have expected what I consider to be proportionate checks would've revealed this.

Overall, I don't think WDA was wrong to lend to Mr M. This means that I don't require it to write off the second loan or refund any charges or interest.

I would expect WDA to treat any repayment proposals that Mr M might put forward, reasonably and sympathetically. If Mr M hasn't done so already, I urge him to contact WDA to discuss his financial situation further.

my final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 January 2019.

Gemma Bowen
ombudsman