

## complaint

Mr L says CashEuroNet UK LLC (trading as Pounds to Pocket) lent to him irresponsibly.

## background

Pounds to Pocket approved 12 instalment loans for Mr L. I've set out some of the details the business has provided about these loans in the table below. Three of the loans refinanced the preceding loans. I've noted in the table where this happened ("*ref*").

loan no.	amount lent	term (days)	highest instalment	date approved	end date
1	£450	360	£34.49	05/03/2012	18/08/2012
2	£750	360	£53.39	12/11/2012	08/02/2013
3	£450	353	£33.48	12/08/2013	16/01/2014
4	£450	355	£33.72	27/07/2014	11/11/2014
5	£450	306	£37.26	28/02/2015	15/05/2015
6	£650	356	£48.88	07/08/2015	05/11/2015
7 ( <i>ref</i> )	£400	364	£66.31	05/11/2015	28/01/2016
8	£900	364	£65.02	28/07/2016	10/12/2016
9 ( <i>ref</i> )	£725	355	£76.25	10/12/2016	25/01/2017
10	£300	188	£39.29	17/03/2017	07/04/2017
11 ( <i>ref</i> )	£575	181	£88.34	07/04/2017	13/07/2017
12	£550	363	£39.59	14/07/2017	07/09/2017

When Mr L complained to Pounds to Pocket it didn't uphold his complaint. Unhappy with the response, Mr L referred his complaint to this service where it was looked at by one of our adjudicators.

Our adjudicator thought that Pounds to Pocket lent Mr L loan 7 when he couldn't afford to repay. She didn't recommend that Mr L's complaint about the other loans should be upheld. Pounds to Pocket didn't agree that it had irresponsibly lent loan 7, it said it lent the loan in line with the regulator's rules and guidance.

As the complaint remains unresolved, it has come to me for a 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. I've also taken into account the law, any relevant regulatory rules and good industry practice at the time the loans were offered.

Pounds to Pocket was required to lend responsibly. It needed to make checks to see whether Mr L could afford to pay back each loan over the term before it lent to him. So, in making this decision I've first considered whether Pounds to Pocket did everything it should have when assessing Mr L's credit applications. And, following on from this, I've thought about whether any assessment failings resulted in Pounds to Pocket agreeing to lend to him when it should have known that it would be difficult for him to repay.

Our adjudicator looked at all the loans in line with the approach set out on our website. I've reconsidered the information available and what our adjudicator has said and I agree that for loans 1 to 6 and 8 to 12, Mr L's circumstances suggest that he was in a position to sustainably repay the loans.

And so while Pounds to Pocket's checks for some of those loans didn't go far enough, a closer look at Mr L's circumstances suggest that the loans were affordable for him at the time. Mr L or his representatives haven't raised any new points or arguments about the adjudication and so I haven't gone into further details about those loans here.

I've also looked at Mr L's complaint about loan 7 and I agree that Pounds to Pocket should have been conducting a review of Mr L's financial circumstances and verifying the information provided before agreeing to lend.

As stated above, Pounds to Pocket was required to lend responsibly and it had to carry out borrower focussed checks to see that Mr L could afford each loan. Loan 7 was a refinanced loan, which means that Mr L applied for further borrowing while he hadn't repaid a previous loan. And a new loan was approved which then increased his level of indebtedness. This was now Mr L's fourth loan in this borrowing chain and the new loan amount was around £920, this was higher than his previous loans.

In the circumstances, it would've been proportionate for Pounds to Pocket to verify some of the information provided and had it done so, it's likely to have found that Mr L couldn't sustainably afford to repay this loan. Mr L has provided copies of bank statement which show his actual financial circumstances at the time. And from what I can see, he was borrowing from other short term lenders, at the time he had around £480 outstanding in other short term loans and from what I can see, he was also gambling regularly. In October 2015 – the month before this loan was approved, Mr L spent around £560 on gambling transactions. This wasn't a sustainable position as Mr L had outgoings on his normal living costs and regular credit commitments. Pounds to Pockets ought to have been aware of this from sufficient checks and as a responsible lender shouldn't have lent to him in those circumstances.

As Mr L was lent a loan he couldn't afford, Pounds to Pocket needs to put things right.

### **putting things right**

I don't think that Pounds to Pocket should have given Mr L loan 7 in November 2017, so for this loan it should;

- refund any interest and charges applied to it,
- add simple interest at a rate of 8% per annum to each of these amounts from the date they were paid to the date of settlement\*.
- remove any adverse information recorded on Mr L's credit file in relation to this loan.

\*HM Revenue & Customs requires Pounds to Pocket to take off tax from this interest. Pounds to Pocket must give Mr L a certificate showing how much tax it's taken off if he asks for one.

**my final decision**

I uphold Mr L's complaint in part and require CashEuroNet UK LLC to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 23 June 2019.

Oyetola Oduola  
**ombudsman**