

complaint

Mr P complains that CarCashPoint Limited ("CarCashPoint") unfairly provided him with logbook loans.

background

CarCashPoint provided Mr P with logbook loans as follows:

Loan	Date taken	Date repaid	Number of instalments	Loan amount	Weekly repayment*
1	30/03/2017	22/09/2017	78 weekly	£560.00	£20.11
2	22/09/2017	22/10/2019	78 weekly	£556.74	£19.99
3	25/11/2017	22/10/2019	156 weekly	£660.00	£17.94

These loans were granted on the basis that Mr P provided CarCashPoint with a bill of sale for his car. This meant that if Mr P didn't make his loan repayments, CarCashPoint could potentially recoup its losses through the sale of the vehicle.

Mr P mainly complained that CarCashPoint didn't do proper checks before agreeing to lend to him and so provided these loans irresponsibly. And Mr P was unhappy about the way CarCashPoint dealt with him when he fell into arrears with his payments and his car was repossessed.

One of our adjudicators reviewed Mr P's complaint and explained why he thought CarCashPoint made an unfair lending decision when providing this loan. He set out the steps he said CarCashPoint should take to put things right.

CarCashPoint didn't respond so the case comes to me 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.

As well as setting out the key rules, regulations and good industry practice, we've explained how we handle complaints about unaffordable and/or irresponsible lending on our website. And I've used this approach to help me decide Mr P's complaint.

Having carefully considered everything I've been provided with, I'm upholding Mr P's complaint. I'd like to explain why.

I've looked at the complaint afresh – and I've independently reached the same conclusions as our adjudicator. He felt that he hadn't seen enough to say that CarCashPoint did anything wrong when it provided loan 2 to Mr P but our adjudicator set out why he thought it made unfair lending decisions when providing loans 1 and 3.

As CarCashPoint hasn't said it accepts our adjudicator's view or taken any steps to settle the complaint in line with our adjudicator's recommendations it looks like it disagrees with the outcome our adjudicator suggested. But as CarCashPoint hasn't responded to our adjudicator's view, despite reminders we've sent, I don't know what exactly it is it disagreed with in our adjudicator's assessment.

CarCashPoint will be aware that the rules and regulations, in place at the time it lent to Mr P, required it to establish whether Mr P could sustainably make his loan repayments. In other words, it needed to be satisfied that Mr P could make his repayments without experiencing financial difficulty or borrowing further – it wasn't enough just to check whether the loan payments looked affordable on a strict pounds and pence calculation.

why I'm upholding Mr P's complaint about loans 1 and 3

I've seen that Mr P's bank statements, which CarCashPoint reviewed before providing these loans, showed significant online gambling spending in the months leading up to Mr P applying for loans 1 and 3. This accounted for a significant proportion of his take home pay. And it would have also seen that he was borrowing elsewhere – including using other short term/high cost loan providers. So I don't think it was reasonable for CarCashPoint to conclude that it was likely Mr P would be able to repay these two loans in a sustainable manner.

In these circumstances, I don't think that it was fair and reasonable for CarCashPoint to conclude that Mr P would more likely than not have been able to make the payments to this loan without difficulty or borrowing further. I think that its decision to lend in these circumstances, having been provided with the information it saw, wasn't fair or reasonable.

So, having carefully considered everything provided, I think that CarCashPoint unfairly provided Mr P with these logbook loans.

why I'm not upholding Mr P's complaint about loan 2

I think the checks that CarCashPoint carried out before providing this loan were, broadly speaking, proportionate bearing in mind the loan term and the amount and Mr M's payment record on loan 1. They didn't show enough to have prompted a reasonable lender to think that the loan wouldn't be sustainable. Mr P's bank statements don't show the same high level of spending on gambling in the months running up to him taking out loan 2. So I can't fairly say I've seen enough to uphold Mr P's complaint that this loan was irresponsibly provided.

I've taken into account that, in response to our adjudicator's view, Mr P told us that loan 2 was just a rollover of loan 1 when he had changed vehicles, so the loan had to be moved from one registration number to another. But this makes no difference to the outcome and I'm not upholding Mr P's complaint about loan 2.

has CarCashPoint acted unfairly or unreasonably in any other way?

I've had the benefit of seeing CarCashPoint's contact notes and I've thought carefully about what happened when Mr P had problems making his repayments from time to time and looked at the course of events that resulted in Mr P's car being repossessed.

It looks like CarCashPoint made reasonable attempts by phone and email to communicate with Mr P. When that wasn't successful, it learned that he had left his address only after its agent called at the property.

When Mr P's car was repossessed this happened only after I think it's fair to say CarCashPoint had shown reasonable forbearance and allowed Mr P opportunities to avoid this outcome.

I appreciate that it was frustrating for Mr P to discover that when he made a payment to enable him to recover his car, based on the information CarCashPoint had sent him, this was insufficient. But that seems to be because he hadn't allowed for the extra interest that had accrued to the account by the time Mr P sent his payment.

Based on all the information I've seen and been told, generally, I think CarCashPoint was entitled to take the steps it did when Mr P missed making the contractual loan repayments and that it tried to work constructively with Mr P when he had payment problems. I haven't seen enough to make me think that it acted towards Mr P in any other way that wasn't fair and reasonable.

As far as I can see, Mr P seems happy with what our adjudicator said and the redress he has suggested. So I'm not awarding any additional redress beyond taking the steps and making the payments I've set out below as I think this is fair in all the circumstances.

Fair compensation – what CarCashPoint needs to do to put things right for Mr P

I think it is fair and reasonable for Mr P to repay the principal amounts that he borrowed on loans 1 and 3 because he had the benefit of that lending. But he has had to pay interest and charges on loans that shouldn't have been provided to him.

So I think it's fair and reasonable in all the circumstances of Mr P's complaint for CarCashPoint to put things right by:

▣ refunding the interest, fees and charges Mr P paid as a result of taking loans 1 and 3

▣ adding interest at 8% per year simple on any refunded interest, fees and charges from the date they were paid by Mr P to the date of settlement†

▣ removing any adverse information placed on Mr P's credit file in relation to loans 1 and 3.

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

my final decision

For the reasons given above, I'm upholding Mr P's complaint. CarCashPoint Limited should put things right in the way 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 4 June 2021.

Susan Webb
ombudsman