

## **complaint**

Mr L complains that his loan from Aprin Ltd (trading as cashasap.co.uk) was unaffordable.

## **background**

Mr L borrowed £300 from CashASAP on 24 July 2016 which was repaid on 20 August 2016. He says if CashASAP had done better checks it would have realised he couldn't afford the repayments. Mr L says he already had a significant amount of credit and an extreme gambling addiction when he applied for the loan.

CashASAP says it asked Mr L about his income and expenditure and this showed he had disposable income of £765 and could afford the repayments. It also checked Mr L's credit file and says he repaid the loan early and made a subsequent application which was declined.

Our adjudicator recommended the complaint should be upheld. She found that Mr L's credit report showed he already had multiple outstanding short-term loans and was unlikely to be able to sustainably repay the CashASAP loan. She said interest and charges on the loans should be refunded (plus 8% statutory interest) and that any associated negative information should be removed from Mr L's credit file.

CashASAP responded to say, in summary, that credit file data is not up to date and Mr L declared a figure for credit repayments which should have reflected his latest circumstances. It adds that there are numerous difficulties with interpreting the data within the credit file and it does not consider it proportionate to analyse such data for a relatively small loan.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

CashASAP was required to lend responsibly. It should have made checks to make sure Mr L could afford to repay the loans before it lent to him. Those checks needed to be proportionate to things such as the amount Mr L was borrowing, and his lending history. But there was no set list of checks CashASAP had to do.

When Mr L applied for the loan, CashASAP asked him about his income and expenditure. Mr L said his income was £1,615, with total expenditure of £850. Based on these checks alone, I can understand why the loan appeared affordable to Mr L. But CashASAP also received a copy of Mr L's credit file and a review of that shows the following:

- Four outstanding instalment loans
  - With a total balance of almost £1,600
  - With repayment periods between one month and six months
  - Showing regular monthly repayments totalling over £1,200
- Six further outstanding unsecured loans
  - Two 5-year loans with monthly repayments totalling £242
  - One 2-year loan with monthly repayments of £107
  - One 12-month loan with monthly repayments of £299
  - One 6-month loan with monthly repayments of £159
  - One 4-month loan with monthly repayments of £105

I acknowledge that CashASAP says a credit file is only a snapshot of a consumer's financial circumstances and that it won't necessarily provide the most up-to-date information. I also accept that Mr L provided a figure to CashASAP for his credit commitments which should have been a reflection of his latest circumstances. But, given that Mr L's figure for credit commitments was £120, I consider CashASAP should have taken all the available information into account before relying on this.

I accept the information in the credit file may not have been completely up-to-date and showed some questionable data for some of the loans, but given the information that was available to CashASAP at the time, I'm satisfied the loan was not affordable to Mr L. So I don't consider CashASAP acted reasonably when it approved Mr L's loan.

### **my final decision**

My decision is that I uphold this complaint. Apfin Ltd (trading as cashasap.co.uk) should:

- Refund all interest and charges that Mr L paid on the loan;
- Pay interest of 8% simple a year on all refunds from the date of payment to the date of settlement\*;
- Remove any negative information about the loan from Mr L's credit file.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 24 January 2020.

Amanda Williams  
**ombudsman**