

complaint

Mr H complains that DJS (UK) Limited (trading as Piggybank) was irresponsible to lend him money so it should refund interest and charges.

background

In 2015 Mr H took out a series of short term loans over a few months with Piggybank. He says Piggybank didn't look at his financial situation properly. If it had, Piggybank would've seen he was reliant on payday loans and had a poor credit history and it should never have lent him the money.

Piggybank says it carried out affordability checks that considered Mr H's income and expenditure as well as his credit record. And Mr H had disposable income of nearly £700 a month and an average credit score. So it wasn't wrong to provide these loans. And it refused to lend Mr H more money in August 2015 when he didn't meet relevant lending criteria.

Our adjudicator doesn't recommend this complaint should be upheld. She's satisfied Piggybank carried out enough affordability checks. And says it wasn't wrong to lend Mr H money just because there was some adverse information his credit file. She considers the loans from Piggybank were small compared to Mr H's disposable income. And the fact he was able to pay the money back within days suggests Mr H was in control of his finances. So she's not persuaded the lending was unaffordable.

Mr H says his complaint's not just about affordability. He considers Piggybank didn't comply with relevant industry guidance on irresponsible lending. He thinks it shouldn't have given him so many loans in such a short space of time. And requesting loans close together, a poor credit record and history of payday borrowing shows his finances were out of control. So no responsible lender would have agreed to these 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. I have reached the same conclusions as our adjudicator for much the same reasons.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

The Financial Conduct Authority (FCA) has adopted guidance provided by the Office of Fair Trading (OFT) on irresponsible lending. This explains what a lender's expected to do when it's looking at a loan application – essentially it's for the lender to make sure the borrower's able to afford the loan and repay it without undue difficulty. The guidance says lenders can use a variety of ways of assessing affordability – including a credit history check. But it doesn't say that has to be done for every application. And I accept lenders have some flexibility about what they consider appropriate to take into account.

I appreciate Mr H considers Piggybank should have given more weight to information it received. In particular, Mr H refers me to his credit file. I can see that shows a county court judgment from 2010 – and he'd previously defaulted and paid late. Mr H says that record,

and asking for several short term loans within a few months, should have made any responsible lender refuse to extend him more credit.

I can see there was some adverse information on Mr H's credit record. But I think it's probably not unusual for Piggybank to receive applications from borrowers with adverse credit indicators. And, like our adjudicator, I'm not persuaded Mr H's failure to repay credit some years ago, and a default and more recent late payment marker, means I can safely find Piggybank was wrong to agree to lend in the circumstances here.

Piggybank says it assessed Mr H's income and expenditure, from information he provided. And his monthly disposable income was more than the £450 Piggybank required for the loans Mr H wanted. And it has provided a credit search that suggests Mr H had an "average" credit score.

Like our adjudicator, I'm not persuaded Piggybank's checks were insufficient or unreasonable on the evidence I've seen. I've reviewed the results of its credit search – which aren't dissimilar to the credit report Mr H provided for the same time period. I can see he had several payday/unsecured loans with other lenders over the Christmas/New Year period - and took out another four before the end of April 2015. But they were all repaid. And I can't fairly conclude, on the evidence I've seen, that means Mr H couldn't afford this borrowing.

I appreciate Mr H applied for these loans from Piggybank in relatively quick succession - making an application for one the day after he settled another, on one occasion. But he always paid the money back on time – sometimes before the due date. And this sort of lending is intended for customers with short term financial needs. So I don't think I can safely find Piggybank acted irresponsibly on those grounds either.

I understand Mr H has experienced some difficult circumstances. He told our adjudicator he had a gambling problem in the past (although there's no suggestion Piggybank should have been aware of that). And I have sympathy for the situation he found himself in. I want to assure Mr H that I've taken all he has said into account.

But, having considered what happened carefully, I'm not persuaded there are enough grounds here for me to reasonably find this lending was irresponsible. I realise this decision will disappoint Mr H, as it's not the outcome he wanted. But I can't fairly order Piggybank to make a refund or do anything further.

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 H to accept or reject my decision before 3 March 2016.

Claire Jackson
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