

## **complaint**

Miss H complains that Casheuronet UK LLC (trading as Pounds to Pocket) gave her an unaffordable instalment loan. She wants it to waive the balance outstanding, refund her interest and charges and remove the loan from her credit file.

## **background**

Miss H said that in 2011 Pounds to Pocket called her to offer her a loan. She said it gave her the £550 loan without checking that she could afford to repay it. She has since been repaying it through a debt management plan. Pounds to Pocket said it didn't proactively call Miss H but it responded to an online request. It said it checked affordability for the loan.

Our adjudicator didn't recommend that the complaint should be upheld. She thought that the affordability checks that Pounds to Pocket carried out were in line with what was required at the time. She didn't see evidence that the loan was unaffordable.

Miss H replied that she'd taken the loan when she was in difficult circumstances. She recalled that the sales call was very persuasive even though she told him she couldn't afford another loan. She said the collections activity had affected her health.

## **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 was sorry to hear of Miss H's distressing financial circumstances in 2011 and of her poor health. I can see that she is now gradually clearing her debts through monthly payments.

Miss H told us that in 2011 she took payday loans for the full amount of the salary of her temporary job. Then she borrowed further to repay these loans. She said she was trapped in a debt spiral. Miss H recalled that Pounds to Pocket called her to offer her a loan and that it pressed her to take this even though she said she couldn't afford it. It said it would make things better. But she said it made things worse.

Pounds to Pocket has shown that it contacted Miss H after she entered her details on an online site and it was selected to contact her. So I agree with the adjudicator that it didn't contact Miss H proactively. Unfortunately, the call record for the time isn't available. As this was five years ago, I don't think this is unreasonable. I don't doubt Miss H's recollections, but I have no evidence to say that Pounds to Pocket did anything wrong in offering her a loan.

Lenders are obliged to make sufficient and proportionate checks to make sure that loan repayments are affordable without undue hardship.

Miss H told us that her income at the time was £1,000 and her outgoings more than £870 per month, plus £300 for debt repayments. She said her credit report and salary would show that a further loan was unaffordable. She said her credit report would show her other loans and that she was unable to repay them.

Pounds to Pocket said that it checked affordability through checks with credit reference agencies and by looking at Miss H's salary. It said she stated this was £1,500. It thought its checks were proportionate for the loan of £550. It didn't know that Miss H was in financial difficulties. As it only gave one loan, it couldn't identify a pattern of dependency on payday loans.

I've looked at Pounds to Pocket's file. I can see that it recorded Miss H's salary as £1,500. Miss H's loan was to be repaid in instalments. These were about £86 a month over 12 months. These were well within her income.

I can also see that Pounds to Pocket made credit checks though I can't see what these found. Miss H has provided some information from her credit record but there isn't enough to show that Pounds to Pocket shouldn't have lent to her.

So I think that the affordability checks that Pounds to Pocket carried out were proportionate and sufficient for that time. I can't say that it did anything wrong in giving Miss H the instalment loan. I don't think it should waive the balance owing, refund her interest or charges or remove the loan from her record.

I can see that when Pounds to Pocket found that Miss H was in financial difficulties it froze interest and charges and agreed an affordable repayment plan with Miss H's debt management company at the time. I think that was a positive and sympathetic response. So I think it acted fairly and reasonably.

Miss H has since changed debt management companies and has been making token repayments to Pounds to Pocket. She said it's been harassing her for repayment. But Pounds to Pocket said that it's tried to engage with Miss H to set up a new affordable repayment plan. I understand that Miss H has now done this through her debt management plan.

I can understand that Miss H found the frequent contacts from Pounds to Pocket distressing, but I think it was reasonable for it to seek to engage with her about her debt.

### **my final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 30 September 2016.

Phillip Berechree  
**ombudsman**