

complaint

Mr C complains that Instant Cash Loans Limited (ICL) didn't properly consider his financial circumstances and lent him money that he couldn't afford to pay back.

background

Mr C explains that he took out three loans with ICL between January 2014 and March 2014. He says that properly affordability and credit checks weren't done and if they had been ICL would have seen that he was reliant on payday lending and had a poor credit score. He says that ICL shouldn't have lent him the money because it was clear from his credit file he couldn't afford to pay it back.

Our adjudicator didn't recommend that the complaint was upheld. She thought ICL had asked for enough information and relied on what Mr C told it about his financial commitments. Mr C didn't tell ICL he was struggling and didn't accurately declare his income and outgoings. Mr C didn't provide his bank statements to this service and so the adjudicator couldn't say that in all the circumstances the loans were unaffordable. Mr C didn't agree and said that he had been turned down by other lenders because of his credit score and the lending was irresponsible looking at his other credit commitments.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I agree with the conclusions of the adjudicator for broadly the same reasons.

I have reviewed all of the paperwork that was completed by Mr C. I can see that he applied on the 29 January 2014 for a loan of £100 to be repaid on 22 July 2012. Mr C declared that his income was £2000 and his outgoings were £1100. This would suggest that the loan was affordable.

The loan was repaid in full and on time. On the day that the loan was repaid Mr C applied for a loan of £200 and confirmed that his salary was still £2000 and his outgoings had risen to £1200. The loan was repaid in full and on time.

On the same day it was repaid Mr C applied for a loan of £1000 to be repaid by 6 monthly instalments of £337.98. Mr C said that his income was £2000 and his outgoings were £1300. Mr C fell into difficulties paying the first instalment and told ICL he was waiting for some money to be repaid to him. ICL carried out an income and expenditure assessment and reworked his repayments to cover the missed payment at no extra cost. Mr C didn't tell ICL at that stage that he was in financial difficulties.

Mr C made a repayment of £700 towards the loan but then the loan fell into arrears and following a further income and expenditure review Mr C said he only had £100 of disposable income per month.

The pattern of loans taken out by Mr C with ICL might suggest that he was having difficulty meeting his monthly commitments without relying on credit. But ICL asked Mr C about his outgoings and his credit commitments. The information provided didn't suggest that Mr C would be unable to afford his repayments and showed a significant level of disposable income. I don't think that ICL acted incorrectly or unfairly by deciding to lend to Mr C the first two small loans on the basis of the information he had given them especially taking into

account his income and expenditure and given the amount of money involved. Looking at the paperwork, ICL did assess whether the lending was affordable and there was nothing in Mr C's circumstances that would suggest that he wouldn't be able to pay the money back. Mr C didn't tell ICL that he was having problems paying his debts or include the accurate figures for his income and outgoings. I can see why he might have done this but I can't say that ICL should have known this was the case looking at Mr C's history overall.

The third loan was significantly larger but at the time of taking this out Mr C had successfully repaid two smaller loans. There was nothing in his circumstances that would suggest the loan was unaffordable and checks were carried out. Mr C has said that he was close to or over the limit on his credit cards and his credit report reflected this. I can see that this is the case but Mr C was making repayments to the cards and there is nothing adverse on his credit report such as a default or arrears. Mr C hasn't provided his bank statements so I can't say that overall the loan was unaffordable. If ICL had asked for the statements I can't conclude that its decision would've been any different.

Mr C has had the benefit of the money and so I think it is right that he pays it back. ICL has tried to arrange a suitable repayment plan with Mr C so I can't ask it to do any more.

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 Mr C to accept or reject my decision before 11 April 2016.

Emma Boothroyd
ombudsman