

## **complaint**

Mr C complains that Casheuronet UK LLC (trading as Pounds to Pocket) gave him loans he couldn't afford to repay.

## **background**

Mr C took out two instalment loans with Pounds to Pocket in January 2013 and June 2015. Both were topped up. He says he relied on payday loans to meet living costs and repay debts. Pounds to Pocket didn't check that the loans were affordable. The loans made his financial position worse. He's in financial difficulty, has a poor credit score and is still reliant on short term loans.

The adjudicator didn't recommend that the complaint should be upheld, saying:

- Pounds to Pocket used credit checks and information from Mr C to assess whether the loans were affordable. While his credit checks showed some arrears, Mr C's accounts generally appeared in good order.
- In January 2013, Mr C said his net monthly income was £1,079. While Pounds to Pocket didn't ask about his outgoings, Mr C later said these were about £940, including food and utilities. So he could afford the monthly instalments of £77.45, which increased to £105.14 when the loan was topped up.
- When he took out the second loan, Mr C said his net monthly income was £1,230 and outgoings were £825. This meant he had enough disposable income for the monthly instalments of £134.14 (increasing to £169.86 after the loan was topped up).
- While Mr C took out a number of loans, he switched lenders so Pounds to Pocket wouldn't have built a picture of him becoming reliant on short term loans.
- The checks done by Pounds to Pocket were proportionate. And if it had checked Mr C's expenditure in 2013, it would have found the loan was affordable. It wouldn't have known the information given to it by Mr C wasn't correct.

Mr C didn't agree, saying Pounds to Pocket should have known from the number of payday loans and his other debts that he was in difficulties. It should have known his monthly debt payments were higher than £50 per month in June 2015. Although he paid on time, he was only able to do this by taking out further 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.

Pounds to Pocket used credit checks and information from Mr C about his income and expenditure to assess whether the loans were affordable. The first loan was for £500, with a £200 top up a month later. This was more than half Mr C's monthly income of £1,079. While the loan was repayable in instalments, I think given the size of the loan and Mr C's income, Pounds to Pocket should have asked for more information. But I think, had it done so, it would have decided the loan was affordable. Information provided by Mr C about his outgoings at that time suggests he had enough disposable income, after living expenses, to

pay the instalments. So I don't think it's reasonable to require Pounds to Pocket to refund interest and charges or remove this loan from Mr C's credit files.

Mr C took out a second loan for £900 in June 2015 with a £350 top up in September 2015. He told Pounds to Pocket his income was £1,230. Given the size of the loan, I think Pounds to Pocket was right to ask for information about Mr C's outgoings. Instalments were £134.14, increasing to £169.86 after the top up. Mr C told Pounds to Pocket his monthly outgoings were £825.

Pounds to Pocket was entitled to rely on the information provided by Mr C. Mr C says it should have questioned the amount he gave for debt payments, which was too low for the number of debts he had. While I understand his point, I'm not sure Pounds to Pocket knew about the number of loans. The information Mr C gave about other expenses looks credible. Based on the information he provided, Mr C had disposable income of £380 each month. I don't think it was unreasonable for Pounds to Pocket to assess the loan as affordable.

Mr C says Pounds to Pocket should have seen from the number of loans he took out that he was reliant on short term debt. There was a significant gap between the two Pounds to Pocket loans. And I'm not sure the information Pounds to Pocket received from its credit checks would have revealed a pattern of borrowing that should have alerted it to a possible problem.

I think the checks carried out by Pounds to Pocket before offering the second loan were proportionate. I don't think it was unreasonable to assess the loan as affordable. It follows that I don't think it's fair and reasonable to require Pounds to Pocket to refund interest and charges or remove the loans from Mr C's credit files.

### **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 C to accept or reject my decision before 5 October 2016.

Ruth Stevenson  
**ombudsman**