

## **complaint**

Mr P complains that Curo Transatlantic Limited trading as Wage Day Advance (WDA) gave him payday loans he couldn't afford. He wants a refund of the interest and charges he paid, with interest.

## **background**

Mr P had twelve loans from WDA between April 2009 and July 2013. Mr P said he was in financial difficulties at the time and this would have shown in WDA's checks. So he thought the lending was irresponsible. WDA said it had carried out proportionate affordability checks and it had relied on Mr P providing accurate information about his finances.

WDA objected to us looking at seven of Mr P's loans as they were taken outside the time limit consumers have to make a complaint. WDA said it should have made further checks for Mr P's ninth loan and it offered redress for this.

Our adjudicator recommended that the complaint should be upheld. She looked at the five loans taken since March 2011. She thought WDA hadn't made enough checks that the loans were affordable. She thought that if it had, then it would have seen that Mr P couldn't easily repay these loans. So she thought WDA had been wrong to approve these five loans. She thought it should refund Mr P the interest and charges he paid, with interest, and remove related adverse information from his credit file.

WDA replied that its checks had been proportionate but it agreed that it should have asked further questions for loans eight and nine and it offered redress for these. But Mr P was unhappy with this.

## **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 can see that Mr P has agreed that we should look at just those loans taken within the time limit that consumers have to make a complaint. So I'll consider those taken since March 2011. I can also see that WDA has offered redress for loans eight and nine. So I'll not consider those further other than as they form part of the pattern of borrowing.

When Mr P took out his eighth loan he'd been borrowing continuously from WDA for two years. He frequently deferred repayments and so paid further interest. Mr P's last five loans were for £350, £400, £615, £415 and £735. As far as I can see he repaid all his loans.

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

WDA asked Mr P for information about his monthly income and expenditure for each loan. It also asked him for his bank statements for loan ten.

But I don't think these checks went far enough. Mr P's pattern and duration of borrowing should have alerted WDA that he may be dependent on short-term loans. These aren't suitable for long-term use. So I think WDA should have asked further questions from loan eight onwards to verify Mr P's stated income and expenditure. It wasn't enough just to rely on his statements as there were causes for concern.

Also, the bank statements that Mr P provided for loan ten showed that he was transferring money to another account. But WDA didn't question this.

WDA said that loan eleven was smaller than loan ten which showed that Mr P wasn't dependent on short-term borrowing. But I don't agree. Mr P had been borrowing continuously with frequent deferrals for about four years. I think this should have prompted WDA to make further checks.

I've looked at Mr P's bank statements from the time to get information about Mr P's finances, but WDA could easily have asked Mr P for it. These show that Mr P didn't have enough disposable income to be able to comfortably repay his loans from WDA. Further checks would also have shown that Mr P was gambling and WDA, as a responsible lender, would have declined further loans if it had seen this. So I think it was wrong for WDA to approve loans eight to twelve.

### **my final decision**

My final decision is that I uphold this complaint. I require Curo Transatlantic Limited trading as Wage Day Advance to do the following:

1. Refund Mr P the interest and charges he paid on loans eight to twelve, adding interest at 8% simple per annum from the date of payment to the date of settlement.
2. HM Revenue & Customs requires WDA to withhold income tax from that interest. It must give Mr P a certificate showing how much it's taken off if he asks for one.
3. Remove any adverse information relating to these loans from Mr P's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 9 November 2017.

Phillip Berechree  
**ombudsman**