

Complaint

Mr H complains that CarCashPoint Limited (trading as "CarCashPoint") unfairly provided him with two logbook loans. He says he was offered loans he couldn't afford.

Mr H has since complained that CarCashPoint exercised a lack of forbearance when he ran into difficulties making his payments. But this matter is being looked at separately and I want to be clear in saying that it doesn't form part of this complaint.

Background

CarCashPoint provided Mr H with two logbook loans in May 2016. The first was for £1,500.00 and was due to be repaid in 78 weekly instalments of £46.93. Mr H repaid this loan in full a week later. A second loan for £2,000.00 was provided at the end of May 2016. This loan was due to be repaid in 18 instalments of £271.12.

One of our adjudicators reviewed Mr H's complaint. And she explained why she thought CarCashPoint made unfair lending decisions when providing these loans. CarCashPoint disagreed and asked for an ombudsman's review.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. As well as setting out the key rules, regulations and good industry practice, we've explained how we handle complaints about unaffordable and/or irresponsible lending on our website. I've used this approach to help me decide Mr H's complaint.

Having carefully considered everything I've been provided with, I'm upholding Mr H's complaint. I'd like to explain why.

Our adjudicator set out why she thought CarCashPoint made unfair lending decisions when providing these loans. As CarCashPoint didn't provide an explanation on why it wanted an ombudsman's decision, I don't know what exactly it is it disagreed with in our adjudicator's assessment or what it thinks she got wrong.

In any event, CarCashPoint will be aware that the rules and regulations, in place at the time it lent to Mr H, required it to establish whether Mr H could sustainably make his loan repayments. In other words, understand whether Mr H could make his repayments without experiencing financial difficulty or borrowing further - not just whether the loan payments were technically affordable on a strict pounds and pence calculation. And I've seen that the bank statements, for Mr H, which CarCashPoint reviewed before providing these loans showed payments to a number of debt collectors and that Mr H had gambled in excess of his income in the month leading up to these loan applications.

As this is the case I think that CarCashPoint ought to have realised Mr H's previous difficulties with credit were most likely due to his gambling. In these circumstances, I don't think that it was fair and reasonable for CarCashPoint to conclude that Mr H would more likely than not have been able to make the payments to this loan without difficulty or borrowing further. So I think that its decision to lend in these circumstances having been provided with what it was provided with was unfair.

Consequently, and having carefully considered everything provided, I agree with our adjudicator that CarCashPoint unfairly provided Mr H with both of his logbook loans.

What CarCashPoint should do to put things right

I think it would be fair and reasonable in all the circumstances of Mr H's complaint for CarCashPoint to put things right by:

- refunding the interest, fees and charges Mr H paid as a result of these loans;
- adding interest at 8% per year simple on any refunded interest, fees and charges from the date they were paid by Mr H to the date of settlement†;
- removing any adverse information placed on Mr H's credit file because of these loans.

†HM Revenue & Customs requires CarCashPoint to take off tax from this interest. CarCashPoint must give Mr H a certificate showing how much tax it's taken off if he asks for one.

My final decision

For the reasons given above, I'm upholding Mr H's complaint. CarCashPoint Limited should put things right in the way set out above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr H to accept or reject my decision before 17 March 2021.

Jeshen Narayanan
Ombudsman