

complaint

Ms W complains that CashEuroNet UK LLC, trading as Pounds to Pocket, was irresponsible to offer her a loan. She asks that the cost of the loan is paid back to her.

background

Ms W took out one loan with Pounds to Pocket in June 2012. The loan was repayable in instalments. Ms W says she couldn't afford to repay the loan. She says she was in financial difficulties and shortly after taking out the loan entered into a debt management plan.

The adjudicator didn't recommend that the complaint should be upheld. She said the checks made by Pounds to Pocket were sufficient taking into account Ms W's income, the instalment amounts and that this was Ms W's first loan.

Ms W didn't agree. She said a credit search would have shown her other debts and that she couldn't afford further borrowing.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Ms W applied for a £250 loan in June 2012. This was her first loan from Pounds to Pocket. She told Pounds to Pocket her monthly income was £871. The loan was repayable in 12 monthly instalments and the highest monthly repayment was £33.56.

Pounds to Pocket did a credit check. It says this didn't suggest Ms W was in financial difficulty or was over-indebted.

In the circumstances, I think the checks made by Pounds to Pocket were proportionate. Based on the information it received, I think it was reasonable for it to assess the loan repayments as affordable.

Ms W entered a debt management plan in November 2012. Pounds to Pocket says it froze interest and charges and accepted smaller monthly payments through the debt management plan. Ms W says entering into a debt management plan suggests she was in financial difficulties when she took out the loan. I understand her point. But I don't think Pounds to Pocket knew about her financial difficulties when it offered her the loan.

Ms W provided a screen shot of a page from a credit report which shows a low credit score and short term debt of £222. The date of the credit report isn't clear, but it doesn't include information for 2012. I don't think, based on this, I can reasonably find that Pounds to Pocket should have known Ms W was in financial difficulties when it offered her a loan in June 2012.

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 Ms W to accept or reject my decision before 8 September 2018.

Ruth Stevenson
ombudsman