

## complaint

Mr S complains that Western Circle Ltd (trading as Cash Float) gave him loans that he couldn't afford to repay. Mr S is represented by a claims management company. His representative says Cash Float should refund the sums advanced as well as interest and charges and remove information about the loans from his credit file. The representative says as Mr S couldn't pay his living expenses and debts he didn't have the benefit of the loans.

## background

Mr S took out seven instalment loans with Cash Float between August 2016 and May 2017. His representative says Mr S had other debts and couldn't meet his essential expenditure. It says Cash Float would have known this if it had carried out proper checks.

The adjudicator recommended that the complaint should be upheld. She said the checks made by Cash Float were proportionate for loans 1 to 4 and the information it received suggested the loans were affordable. It should have made further checks before loan 5 and the later loans. Had it done so, it would have known that Mr S spent significant amounts each month on gambling. He wasn't able to repay the loans in a sustainable manner.

The adjudicator said that Cash Float should refund interest and charges on loans 5 to 7, with interest at 8%, and remove adverse information about the loans from Mr S's credit file. Cash Float didn't respond.

## 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.

Mr S took out the following loans with Cash Float:

Loan number	Date of loan	Amount of loan	Monthly repayments	Date repaid
1	08.08.16	£500	3 x 237	26.08.16
2	16.09.16	£500	2 x 373	19.09.16
3	28.09.16	£750	3 x 378	22.12.16
4	03.01.17	£950	4 x 375	31.01.17
5	16.02.17	£500	3 x 267	20.02.17
6	15.03.17	£400	2 x 247	31.03.17
7	08.05.17	£400	3 x 190	09.06.17

Cash Float asked Mr S about his monthly income and expenditure. It sent evidence showing it asked about his rent/mortgage, utilities, transport, food, short term loans and other credit commitments. It says it checked this using credit reference agencies and third party data.

Mr S told Cash Float his monthly income was £2,875. He said his monthly expenditure was £750 which Cash Float increased to about £900. Cash Float says its credit checks didn't show any debt management plans, arrears, county court judgements or defaults and didn't

suggest Mr S had monthly credit commitments or short term loans that made the loans it offered him unaffordable.

Given the amount of the loans and monthly repayments, I think these checks were proportionate for loans 1 to 4. I think, based on the information it had, it was reasonable for Cash Float to assess loans 1 to 4 as affordable.

When Mr S asked for loan 5 I think Cash Float should have made further checks. This was Mr S's fifth loan in about six months. I think Mr S's borrowing pattern should have alerted Cash Float to a possible problem. I think it should have asked for information to gain a full understanding of Mr S's financial circumstances. While there are different ways of doing this, one is to look at his bank statements as I've done. I think it should have made similar checks before loans 6 and 7.

Mr S's bank statements show transactions with gambling businesses and the amounts involved are significant. They also show loans from other short term lenders. Mr S says he was borrowing from short term lenders to fund a gambling problem. His bank statements support this. I think if Cash Float had made proportionate checks it would have known further borrowing wasn't affordable or sustainable.

I don't think Cash Float should have offered loans 5 to 7 to Mr S. So it should:

- Refund all interest and charges that Mr S paid on loans 5 to 7;
- Pay interest of 8% simple a year on all refunds from the date of payment to the date of settlement\*;
- Remove any negative information about loan 5 to 7 from Mr S's credit file.

Mr S's representative says Cash Float should also refund the sums advanced as, due to his circumstances at the time, Mr S didn't benefit from them. I don't think this is reasonable. Mr S received the loan funds and had use of them. I think it's fair that he repaid the capital amount he borrowed.

### **my final decision**

My decision is that I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 22 December 2018.

Ruth Stevenson  
**ombudsman**