

## **complaint**

Mr V complains that PDL Finance Limited trading as Mr Lender ("Mr Lender") gave him payday loans which were unaffordable and made it hard to pay all his debts. He wants the interest and fees paid on the loans refunded and the loans removed from his credit records.

## **background**

Mr V took out four payday loans with Mr Lender over a period of eighteen months, two of which he rolled over. He said he was borrowing money from several other payday lenders and credit cards to fund his gambling addiction. Mr V also said he became trapped in a spiral of debt, using loans to pay off other loans. He said if Mr Lender had checked his financial position, it would've realised the loans were unaffordable.

Mr V complained to Mr Lender. It said it did consider the information from Mr V, confirmed his employment and carried out credit checks before lending. Mr V's credit score at the time was average and had no defaults in the previous three years. Mr Lender said the loans were affordable and there was no evidence Mr V was in financial difficulties until after his last loan and it helped him by freezing interest.

Mr V complained to us. The investigator's view was that he didn't think Mr Lender had given Mr V unaffordable loans. He'd seen proof of the checks and information it relied upon, and there wasn't any hint of Mr V's financial difficulties. Mr Lender didn't know until Mr V told it, and it then froze interest and agreed a repayment plan. The investigator thought Mr Lender had acted fairly and reasonably.

Mr V disagreed. He said the credit checks should've shown the number of loans he had.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

When lending money to a consumer, lenders are required to ensure the consumer can repay the borrowing in a sustainable manner without it adversely impacting on their financial situation. A lender should obtain sufficient information to make an informed decision about the lending. Exactly what the lender should consider is for each lender to decide and the guidance and rules lists a number of things each lender may wish to consider. Any checks should be proportionate, based on the size of the borrowing.

Mr Lender used both the information from Mr V and a credit reference agency to decide if the loans could be repaid by him. I appreciate Mr V says the information from the agency was incorrect, but that isn't Mr Lender's fault. I think Mr Lender carried out proportionate checks to see if Mr V could afford to repay the loans in all the circumstances.

I agree that until Mr V told Mr Lender about his financial difficulties it couldn't have known. And it took fair and reasonable steps to help Mr V at that point by freezing the interest and agreeing a repayment plan.

I considered whether the pattern of lending should've alerted Mr Lender about Mr V's difficulties. But there were only four loans, three of which were at different times and not in quick succession. The last loan was relatively close to the third loan, but even though it was rolled over twice, I don't think the pattern of lending was concerning in itself. Mr Lender

checked again Mr V's ability to repay when the last loan was taken out, and there was nothing to put it on notice of any issues in the information from either Mr V or the credit reference agency. Mr V had previously repaid without any difficulties, and he only told Mr Lender about his financial problems when it refused to roll over the last loan again.

**my final decision**

My final decision is that I don't uphold the complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 12 September 2016.

Claire Sharp  
**ombudsman**