

## **complaint**

Mr G says MYJAR Limited ("MYJAR") lent to him irresponsibly. He also says it didn't treat him fairly in the manner in which it asked him to pay an outstanding balance.

## **background**

I sent both parties my provisional decision on 16 May 2019. A copy of it is attached and it forms part of this final decision. I explained why I was planning to uphold Mr G's complaint and what I thought MYJAR should do to put things right. I asked Mr G and MYJAR to let me know if they had anything to add.

Neither Mr G nor MYJAR sent me anything else to consider in relation to this complaint. Mr G did ask for clarification on one point, which was provided.

## **my findings**

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

As neither Mr G nor MYJAR sent me anything new to consider, I see no reason to depart from my provisional findings. So my final decision is the same as my provisional decision, for the same reasons.

## **putting things right**

MYJAR should write off the balance of loan 7. It should update Mr G's credit file to show that the debt for loan 7 has been written off. MYJAR does not have to remove any adverse information from Mr G's credit history.

## **my final decision**

I uphold this complaint. MYJAR Limited must put things right by taking the steps set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 3 July 2019.

Matthew Bradford  
**ombudsman**

**COPY OF PROVISIONAL DECISION****complaint**

Mr G says MYJAR Limited ("MYJAR") lent to him irresponsibly. He also says it didn't treat him fairly in the manner in which it asked him to pay an outstanding balance.

**background**

MYJAR provided Mr G with seven loans between December 2017 and February 2018. I've set out some of the information MYJAR provided about the loans in the table below.

| Loan no. | Amount (£) | Start date | Original term (days) | Actual end date    |
|----------|------------|------------|----------------------|--------------------|
| 1        | 375        | 20/12/2017 | 92                   | 28/12/2017         |
| 2        | 500        | 18/01/2018 | 92                   | 22/01/2018         |
| 3        | 125        | 25/01/2018 | 88                   | 26/01/2018         |
| 4        | 125        | 28/01/2018 | 85                   | 29/01/2018         |
| 5        | 125        | 31/01/2018 | 82                   | 31/01/2018         |
| 6        | 850        | 31/01/2018 | 173                  | 03/02/2018         |
| 7        | 1,475      | 12/02/2018 | 375                  | <i>outstanding</i> |

**my provisional findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've taken into account the law, good industry practice and any relevant regulations at the time.

*did MYJAR lend responsibly?*

I don't intend to go into a great deal of detail about the affordability of all of Mr G's loan, or the proportional nature of the checks MYJAR carried out – for reasons which will become clear.

By the time Mr G asked for loan 7 – if not before – I think MYJAR ought fairly and reasonably to have realised Mr G likely had wider financial problems. And it ought to have carried out proportionate checks to decide whether it was appropriate to continue lending to him.

By loan 7, the unusual pattern of Mr G's borrowing was well established. His first five loans had terms of about three months and the sixth loan a term of six months. Despite this, Mr G repaid all of the loans between one and eight days – and on one occasion the loan was repaid on the same day it was approved. This pattern strongly suggested Mr G wasn't in need of short-term finance to meet an unexpected cash flow problem – and that it was likely Mr G was facing wider difficulties.

Five of Mr G's loans were provided in January 2018 – in this month MYJAR advanced around £1,700 – which was more than Mr G's declared monthly income. Given that Mr G was repaying his loans within days, I think MYJAR ought to have realised lending this much was unlikely to be sustainably affordable to Mr G.

I've noted (from MYJAR's credit report) that in the month between loan 1 and loan 3, the number of new accounts Mr G had opened elsewhere increased from 17 to 37. Whilst I can't be sure of what these accounts were, it seems likely – given the timescales – that these were also payday (or similar) loans. I've looked at Mr G's bank statements and can see he obtained many other short-term loans during this time. So while I understand MYJAR takes the early repayment of the loans as a positive, in Mr G's case I don't think it's reasonable to take a positive view of the pattern of lending.

I think it's arguable that the pattern of lending alone, by the time Mr G asked for his seventh loan, ought to have alerted MYJAR to a problem. That Mr G took out so many loans in such a short space of time, reborrowing again as soon as he repaid a loan, is arguably enough to put a responsible

lender on notice that Mr G wasn't repaying his loans sustainably. Despite this, I've given MYJAR the benefit of the doubt and have gone on to look at what proportionate checks would likely have shown.

Bearing in mind the problems indicated by the pattern of lending, I think MYJAR ought to have taken further steps to verify Mr G's income and expenditure. It's not particularly important that I identify exactly at which point MYJAR ought to have done that in Mr G's case – as whatever the point the result would be very much the same.

To take one example, Mr G's bank statement for February 2018 contains over 100 gambling transactions, totalling more than £5,000. Statements before and after this date are all quite similar. Given all the other factors in Mr G's case, this isn't a particularly surprising finding. It also appears that Mr G had no income from employment at this time.

So had MYJAR carried out proportionate checks and asked Mr G for evidence of his income and expenditure, it likely would've established that Mr G didn't have any income from employment and that his expenditure far outstripped his income.

This means I currently don't think MYJAR acted responsibly when it lent to Mr G.

*was MYJAR's correspondence about the outstanding balance on loan 7 unreasonable?*

I understand that this was a difficult time for Mr G. But I don't think MYJAR acted unreasonably by asking for a repayment plan. It wasn't obliged to write off Mr G's debt simply because he made a complaint. And I haven't seen that it asked Mr G to repay the whole debt in one go, once it was aware of his health problems. Even if some of MYJAR's communications should've been better, it's unlikely I'd award further redress in addition to what I'm currently planning.

*what should MYJAR do to put things right?*

My starting point is that Mr G has had the benefit of the money he borrowed, so it's usually fair that he should pay it back. But there will be some circumstances where I could conclude that isn't a fair approach.

This can include where the lending was so irresponsible it's reasonable to tell a lender to write off any outstanding balance – as it ought reasonably to have realised the borrower was unlikely to be able to repay the debt. It can also include where it appears unlikely that there could be any credible repayment plan.

I think both these apply in Mr G's case. Had MYJAR carried out proportionate checks, it likely would've seen that he had no earned income and that he was borrowing to maintain an unsustainable level of expenditure – principally on gambling. So MYJAR would've realised, from proportionate checks, it was unlikely Mr G would be able to repay his loans sustainably. There were also strong indications from the pattern of lending that it was unlikely Mr G was repaying the loans sustainably.

I've also taken into account what Mr G has said about his current health and financial problems. I've noted that the income and expenditure form Mr G provided to MYJAR suggests he has no disposable income and a significant amount of debt. With that in mind, I don't think there's any real prospect of Mr G repaying the outstanding balance of loan 7 in a reasonable amount of time. Mr G wouldn't be in that position if MYJAR had not lent irresponsibly.

So for these reasons, I plan to say MYJAR should write off the balance of loan 7. It should update Mr G's credit file to show that the debt for loan 7 has been written off. I've thought about whether it should also remove all adverse information. But I don't think that would be in Mr G's best interests, bearing in mind his circumstances and current financial difficulty – and it's not unreasonable that Mr G's credit history appears to be as accurate as possible.

I think that represents fair redress overall for Mr G's complaint – including any other loans which may have been irresponsibly lent.

**my provisional decision**

I plan to uphold Mr G's complaint and to tell MYJAR Limited to put things right by taking the steps set out above.