

## **complaint**

Mr C complains that Cheque Centres Limited gave him unaffordable payday loans. He wants a refund of his interest and charges made and entries on his credit file to be removed.

## **background**

Mr C said Cheque Centres Limited gave him payday loans in 2011 when he was in financial difficulties. He told us his income and credit file showed this. He took out two loans and repaid the first within a month. He couldn't repay the second loan and it was rolled over once. Mr C told Cheque Centres Limited that he was in a debt management plan with a charity. He asked it to contact the charity to set up a repayment plan. But it didn't do this. It eventually sold the loan on. Mr C said the loans trapped him in a cycle of debt.

Our adjudicator didn't recommend that the complaint should be upheld. There was limited information available, but she thought Cheque Centres Limited had carried out affordability checks that complied with the regulations at the time. She thought the loans were affordable. A repayment plan had been offered before the debt was sold on.

Mr C replied that Cheque Centres Limited caused him and his partner stress, anxiety and hurt by selling the debt on. He said it had made little effort to negotiate with the charity helping them. Mr C also had concerns about the business practices of the company that bought the debt.

## **my findings**

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

Mr C said his loans were unaffordable and Cheque Centres Limited should have known this from his credit file. But I don't agree with him. At the time he took out the loans, Cheque Centres Limited wasn't obliged by the then regulator to check credit files for affordability. It relied on its own internal affordability checks and information provided by Mr C on his income and expenditure.

Also, Mr C was able to repay the first loan within a month. So I can't see that Cheque Centres Limited was made aware of any financial difficulties.

When Mr C couldn't repay the second loan, Cheque Centres Limited later sold the debt on. We expect that when a business is aware that a consumer is having financial difficulties, then it should act in a positive and sympathetic manner. Mr C told Cheque Centres Limited that he was being assisted by a debt management charity. He asked it to contact the charity.

But I can't see that it did so. It offered to defer the loan repayment, but still charge interest, until Mr C could repay it. It asked Mr C or the charity to contact it. It then offered him a repayment plan to clear the debt. It warned him that it would have to consider selling the debt on.

Mr C made two payments towards the debt. But I can't see that he or the charity set up a repayment plan as Cheque Centres Limited offered. So I think Cheque Centres Limited acted in a positive and sympathetic manner when Mr C couldn't repay his debt. I appreciate that Mr C was going through a difficult time, but I don't think Cheque Centres Limited did

anything wrong. I don't think it needs to repay his interest or pay him any compensation. I don't think it needs to amend his credit file.

Mr C has raised concerns about the business practices of the company that bought the debt. But I think Cheque Centres Limited was entitled to sell the debt on. I haven't seen evidence that it knew the company would treat its customers badly. Mr C referred to a report about the company's practices. But this was produced after the loan had been sold on.

So I can't say that Cheque Centres Limited did anything wrong in selling the debt on. Mr C can raise his concerns about the other company by first complaining to it, if he hasn't already done so. If he's unhappy with its response, then he can bring his complaint to us if it falls within our jurisdiction.

### **my final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 2 September 2016.

Phillip Berechree  
**ombudsman**