

## complaint

Mr S complains that loans he had from Emergency Cash Limited (trading as wizzcash.com) were unaffordable.

## background

Mr S had three instalment loans from Wizzcash between April 2015 and June 2015 as follows:

<u>Loan</u>	<u>Date</u>	<u>Amount</u>	<u>Term</u>	<u>Monthly Repayment</u>	<u>Due</u>	<u>Repaid</u>
1	30 Apr 2015	£300	3m	£138.75	20 Jul 2015	21 May 2015
2	27 May 2015	£400	3m	£189.05	20 Aug 2015	1 Jun 2015
3	10 Jun 2015	£500	12m	£75.11	20 May 2016	21 Oct 2015

Mr S says Wizzcash didn't carry out enough checks before lending him money. He says he was already struggling to repay other debts, had a gambling addiction and was suffering with his mental health.

Wizzcash says it asked Mr S about his income and expenditure and verified the income information it was given. It says it also checked Mr S's credit file and found nothing in the available information to indicate the loans were unaffordable. Wizzcash adds that Mr S had no problems repaying the loans and all the instalments were on time.

Our adjudicator recommended the complaint should be upheld. He said proportionate checks for loan 3 were likely to have shown Mr S was having trouble managing his money as he had other short-term loans outstanding. He recommended that interest and charges on loan 3 (plus 8% statutory interest) should be refunded to Mr S and that any associated negative information should be removed from his credit file.

Wizzcash responded to say, in summary, that it spoke to Mr S before it approved loan 3 and it factored in the loan payments Mr S declared. It says this still left Mr S with almost £500 each month and all the loans were repaid early.

## my findings

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

Wizzcash was required to lend responsibly. It should have made checks to make sure Mr S could afford to repay the loans before it lent to him. Those checks needed to be proportionate to things such as the amount Mr S was borrowing, and his lending history. But there was no set list of checks Wizzcash had to do.

### Loans 1 and 2

I'm satisfied that Wizzcash did enough checks before it approved these loans. Mr S told Wizzcash his income was £1,589 and his expenditure was under £800 per month. Based on Mr S's disposable income, and the information Wizzcash had from his credit file, I consider it was reasonable for both loans to have been approved.

### Loan 3

Mr S repaid loan 2 very quickly, but days later he applied for a bigger loan. As this was his third loan in quick succession, and he was requesting a much longer repayment term, I consider proportionate checks should have included verifying the information Mr S had provided and asking him specifically whether he had any other short-term loans. I can't see it did this, so I've looked at Mr S's bank statements to see what such a check is likely to have shown.

I can see Mr S had at least three outstanding short-term loans at the time, so Wizzcash should have realised this was an indication he was having problems managing his money. In addition to this, Mr S's income was actually around £500 lower than the amount he'd declared. Based on the expenditure figures Mr S had given Wizzcash, this actually left Mr S no disposable income with which to pay additional loans.

So, I find that Mr S's financial circumstances showed it was unlikely he'd be able to sustainably repay loan 3 and Wizzcash shouldn't have approved it.

### **my final decision**

My decision is that I uphold this complaint. Emergency Cash Limited (trading as wizzcash.com) should:

- Refund all interest and charges that Mr S paid on loan 3;
- 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 3 from Mr S's credit file.

\*HM Revenue & Customs requires Wizzcash to take off tax from this interest. Wizzcash must give Mr S a certificate showing how much tax it's taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 6 March 2020.

Amanda Williams  
**ombudsman**