

complaint

Mr H complains that Emergency Cash Limited (trading as Wizzcash.com) was irresponsible to lend him money.

background

Mr H had four loans from Wizzcash between July 2016 and February 2017 as follows:

<u>Loan</u>	<u>Date</u>	<u>Amount</u>	<u>Term</u>	<u>Repayment</u>	<u>Due</u>	<u>Repaid</u>
1	27 Jul 2016	£340	3m	£170.63	25 Oct 2016	On time
2	28 Oct 2016	£400	3m	£198.92	25 Jan 2017	21 Dec 2016
3	23 Dec 2016	£400	3m	£205.09	24 Mar 2017	25 Jan 2017
4	7 Feb 2017	£400	3m	£184.16	25 Apr 2017	On time

Mr H says he had short-term loans with multiple companies when the Wizzcash loans were approved. He says he had a poor credit record and his outgoings exceeded his income. Mr H says this meant he was in a debt spiral and if Wizzcash had done better checks it would have found this and would also have seen the loans were fuelling a gambling issue.

Wizzcash said it asked Mr H about his income and expenses and verified both his income and credit commitments. For all four loans, Wizzcash found Mr H's credit commitments were higher than he'd declared and increased his expenses accordingly. But it still considered the loans were affordable and found nothing to indicate financial difficulty on Mr H's credit file. Wizzcash declined a fifth loan application as it was concerned he may be getting into a debt cycle. Nevertheless, it offered to refund interest on loan 4 (plus 8% statutory interest).

Our adjudicator didn't recommend the complaint should be upheld. He was satisfied with the checks carried out by Wizzcash on loans 1 to 3 and found they showed the payments were affordable. He clarified that Wizzcash had already made an offer to refund interest on loan 4.

Mr H responded to say that the purpose of such loans should be a temporary fix. He says he was borrowing for nine months which made his financial situation worse. Mr H maintains Wizzcash should have done better checks and, had it done so, it wouldn't have lent to him at all. Mr H provided evidence of his circumstances before loan 2 to support his argument.

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 H could afford to repay the loans before it lent to him. Those checks needed to be proportionate to things such as the amount Mr H was borrowing, and his lending history. But there was no set list of checks Wizzcash had to do.

Loan 1

When Mr H applied for loan 1 he said his income was £1,600 and his expenses were £450. Wizzcash verified his income by calling Mr H's workplace and looked at his credit file for his credit commitments. This showed a higher credit figure than the one Mr H declared so his expenses were recalculated as £848. But that still gave Mr H enough disposable income to afford the repayments, so I can't conclude Wizzcash was wrong to approve the loan.

Loan 2

Mr H repaid loan 1 on time and applied for a second loan three days later. Again Wizzcash verified Mr H's income and credit commitments and this time calculated his disposable income to be around £670, making loan 2 affordable to him.

I accept Mr H has sent information about his circumstances from the time, but at this stage in the lending process Wizzcash was entitled to rely on the information provided by Mr H in conjunction with the checks it did. I've seen the expenditure information provided by Mr H at the time and also the results of the credit check carried out by Wizzcash. As Mr H's credit file showed higher credit commitments than the figures declared by Mr H, I'd have expected Wizzcash to take that into account. But Wizzcash did that and, even with the higher credit commitments, it calculated the loan 2 repayments were affordable. There was nothing to indicate further checks were required and I'm satisfied the checks it did do were proportionate to the circumstances of the loan.

Loan 3

Loan 2 was repaid early and Mr H applied for a £420 loan two days later. Wizzcash did further verification checks of Mr H's declared income and again adjusted his declared expenses upwards before offering him a slightly lower loan of £400. I can't see there was anything in the information it had that should have prompted Wizzcash to carry out any more detailed checks at that stage. I say that because the monthly repayments were still a relatively small proportion of Mr H's verified income, his repayment history was good and Wizzcash had again taken into account the information it received from its credit check.

Loan 4

Wizzcash has agreed to refund interest on loan 4, so I won't consider it further here. It has also agreed to remove any associated negative information from Mr H's credit file.

my final decision

My decision is that Emergency Cash Limited (trading as Wizzcash.com) should uphold Mr H's complaint about loan 4 as it has offered to do. It should:

- Refund all interest and charges that Mr H paid on loan 4;
- 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 4 from Mr H's credit file.

*HM Revenue & Customs requires Wizzcash to take off tax from this interest. Wizzcash must give Mr H 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 H to accept or reject my decision before 14 May 2019.

Amanda Williams
ombudsman