

complaint

Mr B complains that WDFC UK Limited (trading as Wonga.com) didn't carry out proper checks, irresponsibly lent him money and his payday loans were unaffordable.

background

Mr B borrowed from Wonga 55 times. He took out 39 payday loans. Some loans were also topped up more than once. He complains that Wonga didn't carry out proper checks, the loans were unaffordable and the lending irresponsible. He had payday loans from other providers and he took out loans consecutively. The loans were for a large proportion of his monthly salary. He's been caused financial difficulty by Wonga's lending and it's affected his credit history. He wants compensation for this and the stress he's been caused.

Wonga said in its final response to Mr B's complaint that it considered the affordability of the loans. It would carry out a credit reference agency check, consider information supplied by Mr B and use its own underwriting system. There's no indication that Mr B's loans were unaffordable.

Our adjudicator recommended that this complaint should be upheld. He considered that:

- Wonga was entitled to rely on the information Mr B gave it about his income. He's said it was higher than it actually was. But from the information he's given us about his outgoings he didn't have any disposable income. Mr B says this is why he used payday loans and top ups. He used loans from a number of providers to pay off each others loans
- Wonga didn't carry out checks that the loans were affordable. It would've been reasonable for it to have asked about his outgoings. Mr B didn't have any disposable income and couldn't afford the loans. Wonga acted irresponsibly lending to him.
- So, Wonga should refund the interest and charges on all the loans and top ups plus interest. It should also remove all loans and top ups from his credit file. But in the circumstances of this case he didn't think an award of compensation was appropriate.

Mr B has accepted the adjudicator's opinion.

Wonga hasn't responded to the adjudicator's opinion.

my findings

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

I agree with the adjudicator's conclusions for broadly the same reasons.

Wonga hasn't shown exactly what checks it actually carried out in Mr B's case. It's said it considered the information he gave it but I've seen nothing to suggest that it asked about his outgoings and expenses. Had it reasonably done so I think it would probably have been apparent that he'd extensive commitments, was using other payday lenders and the loans were unaffordable.

Furthermore, whatever level of checks, if any, Wonga carried out at the time of each loan or top up application I think Mr B's account history should've also quickly alerted it to the fact that he may have been in financial difficulty, the loans may have been unaffordable and he was reliant on short term lending.

Had Wonga asked about Mr B's outgoings and carried out more detailed checks I think on balance it would've, most likely, not granted the loans. Consequently, I think that the lending to Mr B was irresponsible.

Overall, I think the adjudicator's proposed resolution of this case is fair and reasonable.

my final decision

My decision is that I uphold this complaint and I require WDFC UK Limited (trading as Wonga.com):

1. To refund to Mr B all interest and charges on all loans and top ups plus simple interest on each sum at the rate of 8% a year from the date each was paid until the date of settlement; and
2. To remove any information on Mr B's credit file relating to all loans.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 12 October 2015.

Stephen Cooper
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