

complaint

Mr L complains that PDL Finance Limited (PDL) lent money to him but its decision was irresponsible.

And the third party's method of recovering the money owed has been '*unfair and unsuitable*'.

background

PDL approved one loan to Mr L for £450 on 4 June 2013. The loan account screenshot from PDL shows that Mr L was charged admin fees of £17 which Mr L seems to have paid. The interest added was £157.50. His balance at that stage was £607.50. The credit agreement PDL has sent me states that it was a 19 day loan (now confirmed by PDL) and so the full sum of £607.50 was due to have been paid on or around 24 June 2013.

Mr L repaid £157.50 on 24 June 2013. The immediate addition of more interest on 24 June 2013 meant that his balance remained £607.50. PDL has explained that Mr L asked for the loan to be 'rolled over' and the account refers to 'rollover'.

On 25 July 2013 Mr L was charged a failed card fee and then fees for letters and additional interest charges. This brought his outstanding account to over £880 by 27 August 2013.

Mr L says that PDL ought to have carried out better checks and '*lending money without checking affordability is known as irresponsible lending*'.

Mr L has said that he has experienced real stress by the amount of letters and 'silent calls' he has received to recover the debt. Mr L has sent us a copy of one letter from a third party dated June 2017.

Mr L started the complaint procedure with PDL in August 2017 by asking for a full statement of account. Mr L received its 'final response' email later that month – 21 August 2017. In that email PDL offers to put things right for him by offering to accept a reduced amount in satisfaction of the debt. This offer was repeated in October 2017. The offer was repeated again in November 2017, with different wording, which was to:

- remove all interest and charges from the loan account
- set up an affordable repayment plan to settle the capital balance still due
- once the loan has been repaid, remove 'all adverse information' from his credit file in relation to this loan.

Mr L rejected this offer and in December 2017 brought his complaint to us. In January 2018 our adjudicator received from PDL some information on the loan and PDL repeated the offer originally made to Mr L.

Our adjudicator explained on the telephone to Mr L – and I have listened to a recording of that call – that even if he upheld the complaint then the best outcome he could have recommended to PDL to put things right for Mr L was just as PDL had already offered. Our adjudicator explained that he was not likely to recommend more than the offer already made by PDL.

Mr L wants to receive an acknowledgment from PDL or this service that PDL was irresponsible lending him the money in 2013. He seems to want to see PDL reprimanded in

some way. He thinks that the practices have caused problems to him and to other people who have had loans from it. He has not had an apology from PDL.

Mr L has told us that his credit file record does not mention a 'default' next to this loan entry just that it has been marked as 'settled'.

The complaint being unresolved it has been passed to me for a decision.

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've taken into account the law and any relevant regulatory rules and good industry practice at the time.

PDL was required to lend responsibly. It needed to check that Mr L could afford to repay his loan sustainably. There was no set list of checks it needed to do. But the checks should've been proportionate to the circumstances which might include the amount borrowed, the repayments due and Mr L's borrowing history.

I have not been given the full details or full sets of documents by either party despite them being both requested to do so. PDL has reiterated its offer to Mr L when writing to us, and so it may have decided that it was not necessary to send us the documents. So I do not have the details surrounding Mr L's application to PDL or the checks PDL may have carried out at the time in 2013.

Mr L has not sent to us any copy bank statements or a copy of his credit file even though he has been asked for them. And the adjudicator formed his opinion in January 2018 without these documents. And I can understand why he has done this and I will explain here.

PDL's offer is the equivalent of any redress and/or direction our adjudicator was likely to recommend even if a full assessment led to an uphold of the complaint. PDL has offered to

- remove all interest and charges from the loan account
- once the loan has been repaid, remove all adverse information from Mr L's credit file in relation to this loan.

PDL has confirmed with me that what Mr L has already paid towards the loan will be treated as payments towards the capital balance, so this will reduce the outstanding balance due. It has already removed interest and charges. My calculation is that Mr L has paid £157.50 + £17 = £174.50. So the amount outstanding to PDL would be £275.50. PDL agrees with me on this. I think that it is right that Mr L repays the balance as he had the benefit of the £450 principal sum lent to him in 2013.

Mr L wishes us to make a finding on irresponsible lending but even if I did look into the merits of Mr L's complaint and agree that PDL had been irresponsible there wouldn't be any actual advantage for Mr L in doing that, because what PDL is offering is in line with what I would direct PDL to do. But, if, having received all the information from both parties, I were to assess the merits of Mr L's complaint and decide that PDL *hadn't* been irresponsible, then that could affect the PDL offer currently on the table; in other words PDL could conceivably withdraw the offer and Mr L would be in a much worse position.

This service is not designed to penalise financial businesses and if Mr L wishes to take anything up with PDL's regulator then he needs to contact the Financial Conduct Authority.

Mr L says that his personal credit file for this loan has not been marked as being in 'default'. I have not seen a copy of it. But if that is the case then the outcome is a relatively good one for Mr L. This is because the label 'default' next to a credit reference entry can have a poor effect on any credit decisions going forward. So, the fact that there has *not* been a 'default' label on his credit file since 2013 is likely to have had a better impact for Mr L than otherwise.

And in any event, PDL's offer includes the removal of 'all adverse information' from his credit file in relation to this loan.

Mr L has said that he has experienced real stress by the amount of letters and 'silent calls' by which I understand he may have been referring to the third party debt collector. I say this because PDL has informed me that there was no contact between PDL and Mr L after the debt was passed to the third party debt collectors in October 2013. Mr L got back in touch with PDL in August 2017 to start this complaint process.

The method of pursuit of the debt by the third party will be something that Mr L will need to make the subject of a separate complaint against that other party. I have no details of what took place between PDL and Mr L from August to October 2013. So I make no finding in relation to this part of his complaint against PDL.

I understand that the offer from PDL to Mr L remains and it is a matter for him to accept it or not.

my final decision

My final decision is that the offer made by PDL Finance Limited to Mr L is a fair one.

I require PDL Finance Limited to honour the offer it has made to Mr L should he choose to accept it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 27 July 2018.

Rachael Williams
ombudsman