

## **complaint**

Mrs P complains that Active Securities Limited trading as 247 Moneybox lent her money that she couldn't afford to repay.

## **background**

Mrs P took out 6 loans with 247 Moneybox between February 2013 and April 2015 and her final loan was taken out in March 2016. She doesn't think it carried out enough checks before agreeing to lend.

247 Moneybox didn't agree the lending was unaffordable. It recorded Mrs P's net pay and her regular monthly outgoings, including credit commitments. 247 Moneybox said Mrs P's credit score fell within the approved threshold and the checks it carried out were proportionate.

The adjudicator thought Mrs P's complaint should be upheld in part. She thought the lender carried out enough checks before agreeing loans 1,2 and 7.

For loans 3-6 the adjudicator thought the lender should've carried out more checking but she thought that if it had carried out proportionate checking it would have still agreed to loan 3. At the point of loan 4 onwards she thought that the lender should have done more checks to verify what Mrs P was saying about her circumstances. The adjudicator thought better checks at this stage would've shown Mrs P owed money to a number of payday lenders and was gambling. She recommended that 247 Moneybox refund all interest and charges paid on loans 3-6. She asked the lender to pay simple interest of 8% a year on the refund and remove any negative information about the refunded loans from Mrs P's credit file.

247 Moneybox didn't agree to this recommendation but it did offer to remove the last four loans from Mrs P's credit report and make some refund but it didn't say how much or respond further to the adjudicators view.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I agree with the adjudicator's recommendations.

Before agreeing to lend, 247 Moneybox should've made sure Mrs P could afford to repay the borrowing. Any checks needed to be proportionate, taking account of various factors including the repayment amount and any borrowing history. But there wasn't a set list of checks it had to carry out.

### *loans one two and seven*

I agree that 247 Moneybox's checks went far enough for these loans. For the first two loans it asked about Mrs P's essential expenses and her income. I think it was reasonable to rely on what Mrs P said at this point in the lending chain. Based on what Mrs P told 247 Moneybox, it was reasonable to lend these amounts. For the final loan there had been a significant gap in Mrs P's borrowing and so it was reasonable for 247 Moneybox to think that any financial difficulties had been resolved.

### *Loan 3*

Mrs P took this loan a few weeks after repaying the second loan and for the highest amount so far of £200. By this stage, Mrs P had borrowed on three occasions in successive months. I think 247 Moneybox should've been concerned that given the frequency of borrowing, Mrs P might not have asked for the loan to meet an unexpected expense but rather to meet her normal living expenses. I would have expected further checking of Mrs P's income and outgoings to check that she wasn't dependent on these loans. But having checked Mrs P's bank statements I agree with the adjudicator that better checks would still have revealed that the loan was affordable for Mrs P.

### *Loans 4,5 and 6*

Mrs P continued to borrow and loan 4 was taken out a few days after loan 3 was repaid and for a higher amount. I think that by this stage it was reasonable to have expected Moneybox to establish the fullest understanding possible of Mrs P's finances by checking her income and expenditure with evidence such as copies of bills, payslips or things like bank statements.

Mrs P has given us bank statements for the period in question. These show that as well as borrowing from other short term lenders, she was gambling significantly. By this stage Mrs P owed more money than she was comfortably able to repay and was resorting to borrowing to make ends meet.

If 247 Moneybox had carried out what I consider would've been more proportionate checks from the fourth loan onwards it seems likely it would've realised the extent of Mrs P's financial difficulties. By this stage Mrs P was borrowing consistently. As a responsible lender, I wouldn't have expected 247 Moneybox to continue to lend money to Mrs P without proper checking of her circumstances.

Mrs P didn't tell 247 Moneybox about her other short term lending and gambling because she wanted and needed the loans to manage each month. Relying on what Mrs P said about her position by the point of the fourth loan I don't think was enough, especially when her borrowing pattern and her problems repaying the fourth loan clearly indicated that she wasn't using the borrowing as a temporary solution.

To put things right 247 Moneybox should refund all interest and charges Mrs P paid on loans 4,5 and 6 together with interest. It should also remove any negative information relating to these loans.

### **my final decision**

My decision is that I uphold this complaint in part. To put things right, Active Securities Limited trading as 247 Moneybox should:

- Refund any interest and charges applied to loans 4,5 and 6
- Add simple interest at a rate of 8% per annum to each of these amounts from the date they were paid to the date of settlement\*
- Remove from Mrs P's credit file, any negative information about the above loans and any records of searches it's done since she complained

\*HM Revenue & Customs require 247 Moneybox to take off tax from this interest. 247 Moneybox must give Mrs P a certificate showing how much tax it's taken off if she asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 5 April 2018.

Emma Boothroyd  
**ombudsman**