

complaint

Mr S complains that Active Securities Limited (trading as 247 Moneybox) irresponsibly granted him payday loans when he was in financial difficulties. His continuous borrowing led to a spiral of debt. He wants the interest and charges refunded.

background

Our adjudicator felt this complaint should be upheld. She said:

- Mr S took out 20 loans with 247 Moneybox in a 22 month period.
- 247 Money box says it carried out checks, Mr S' previous dealings show he'd the ability to repay the loans and its lending was responsible. Even so it hasn't given us all the information about the loans.
- On the information provided its clear Mr S was reliant on payday loans. New loans were taken out on the same day or soon after the previous ones were paid off. The fourth loan was taken out on the same day the third loan was repaid. And it was also for a larger amount. At this point further checks should've been done. Continuing to lend after the third loan without doing so was irresponsible.
- Lending 20 times in 22 months also isn't consistent with short term lending.
- So, 247 Moneybox should refund all interest and charges after the third loan plus interest. It should also remove any information recorded about loan four onwards from Mr S' credit file.

247 Moneybox doesn't agree. It says the available credit reference agency data didn't specifically show what payday lending Mr S had. It couldn't have been aware that he was reliant on short term loans. Its decisions to lend were fair and reasonable. Even so, it's offered as a gesture of goodwill to pay Mr S £300 to facilitate a speedy resolution.

Mr S hasn't accepted this offer and has asked for an ombudsman review. He thinks he's entitled to more.

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 the same reasons.

Whatever information 247 Moneybox had from the credit reference agencies and its checks, I think Mr S' account history should quickly have alerted it to the fact that he was in financial difficulties, the loans were unaffordable and he was reliant on short term lending.

I agree with the adjudicator that 247 Moneybox should've realised this – at latest - by the time of the fourth loan. At that time it should've carried out further affordability checks and asked for more information from him.

I think that would most likely have led it to conclude that the fourth and subsequent loans shouldn't have been granted. Consequently, I think that the lending from the fourth loan was irresponsible.

So, I think the adjudicator's recommendations are a fair and reasonable resolution of this complaint. And I don't see any reason to change the proposed outcome.

my final decision

I uphold this complaint and I require Active Securities Limited (trading as 247 Moneybox):

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 4 July 2016.

Stephen Cooper
ombudsman