

complaint

Mr P complains that Amigo Loans Ltd lent irresponsibly by agreeing four loans in under a year.

Mr P also complains that when he asked for help in May 2017 Amigo didn't offer any assistance.

background

Mr P borrowed £2,500 from Amigo in May 2016. He went on to increase this loan to £5,000 in August 2016, £7,500 in October 2016 and £10,000 in April 2017. Each time Mr P asked Amigo to borrow more it said it looked at his credit file and completed an application which included asking for information about his income and expenditure.

In May 2017 Mr P asked Amigo to reduce his loan payment as he was experiencing financial difficulties. Amigo said that if Mr P was having trouble maintaining his loan payments it could ask the guarantor to step in before the account fell behind. But Amigo didn't offer to reduce his payments.

In May 2018 Mr P talked to Amigo again and it looked at his circumstances to see what options were available. But as the loan now appeared unaffordable, Amigo asked the guarantor to make the payments.

Mr P complained to Amigo but it didn't agree it had lent irresponsibly. Amigo said it had completed a range of checks each time Mr P had asked to borrow money and the loan repayments all appeared affordable based on what he said and the information available at the time. The complaint was referred to this service but the investigator didn't feel Amigo had lent irresponsibly.

As Mr P doesn't agree with the investigator's view and is concerned about the ongoing cost of the loan the complaint's been passed to me to make 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.

Mr P says that Amigo lent irresponsibly as it should've been clear that the loans weren't affordable. He's also said he had a gambling problem during this period and if Amigo had looked at his bank statements it wouldn't have agreed to lend. To decide whether the checks Amigo did before lending went far enough I've looked at each Mr P's applications and paid close attention to the information it obtained.

There's no specific set of checks a lender must carry out before deciding to offer a loan. However, lenders should complete proportionate checks to see whether repayments are sustainable for the borrower. The checks a lender may do when assessing a loan can include things like - but not limited to; looking at a customer's credit file, asking about their personal circumstances and employment, completing an income and expenditure assessment and asking for detailed information from the borrower.

So while lenders can ask for bank statements and evidence of a customer's income, they can also rely on other information, in line with the examples I've set out above.

In this case, I appreciate Amigo didn't ask Mr P for his bank statements or payslips but I'm not persuaded that means its checks didn't go far enough. I'll explain why.

Whenever Mr P applied, Amigo says it completed a credit check (to ensure Mr P wasn't bankrupt or in an IVA) and looked for information about his other credit. I've listened to Mr P's application calls with Amigo and I'm satisfied it went through details of his outstanding credit each time to see if the new loan repayment was affordable.

Amigo also asked Mr P about his income and outgoings, going onto check any figures provided that seemed unusual or too low. Amigo asked Mr P about his income each time he applied and I note he updated the figure for the final loan. Each time Amigo did an application for Mr P the information it was given showed the loans appeared affordable as Mr P had enough disposable income left over each month to cover the monthly repayment to the loan.

And I think it's generally reasonable for a lender to proceed on the basis that information provided during an application is accurate. So I've not found it made an error by agreeing to lend based on what Mr P said and what it knew about him.

Amigo has also explained that when Mr P asked for more borrowing it took his payment history for his existing loan into account. Mr P's loan statements show that he'd maintained payments throughout the period of borrowing with only one payment being received slightly later than normal. I'm satisfied it was reasonable for Amigo to factor this information into its lending decisions.

I appreciate Mr P says he wasn't earning in line with the information given to Amigo and that he was gambling during this period. But Amigo wasn't aware of this and, as I've explained above, I'm satisfied it completed proportionate checks without asking for bank statements or payslips.

Mr P's says that during the time he was applying for loans he changed his payment date which should've indicated something was wrong. But borrowers change their payment date for a variety of reasons and I wouldn't expect Amigo to take Mr P's request, on its own, as a sign he was experiencing financial difficulties.

Mr P says he feels Amigo failed to offer assistance when he raised financial difficulties in May 2017. Amigo says it advised it could seek a payment from the guarantor to stop the account falling behind if Mr P wasn't able to pay. I appreciate why Mr P didn't want the guarantor to be asked to pay on his behalf. However, this was an option if Mr P wasn't able maintain the loan payments.

And Mr P's loan is a guarantor loan so the step Amigo offered reflects that. Ultimately, with this type of loan if the borrower can't pay the guarantor is asked to step in. I've not found anything to indicate Amigo made an error by explaining that process to Mr P.

I know my decision will disappoint Mr P but, for the reasons given above, I've not found Amigo lent irresponsibly. From what I've seen, I'm satisfied Amigo completed proportionate checks when assessing Mr P's loan applications. And while I appreciate Mr P had trouble maintaining his loan payments, I've not found Amigo treated him unfairly in May 2017 when

it said it could ask the guarantor to step in if he was experiencing financial difficulties. As a result, I'm not upholding Mr P's complaint.

my final decision

My final decision is that I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 6 January 2019.

Marco Manente
ombudsman