

## complaint

Mr H complains that CURO Transatlantic Limited trading as WageDay Advance (“WDA”) gave him loans that he couldn’t afford to repay.

## background

Mr H was given four loans by WDA between June and December 2016. Mr H’s first loan was repayable in four equal monthly instalments. For the remaining loans Mr H had to repay some interest each month before repaying the principal he’d borrowed and some interest in the final month. The second loan was repayable over two months, and the third and fourth loans over three months. Mr H needed to delay repaying his final loan, but all of his loans have now been repaid. A summary of Mr H’s borrowing from WDA is as follows;

Loan Number	Borrowing Date	Repayment Date	Loan Amount
1	09/06/2016	28/09/2016	£ 100
2	22/10/2016	24/10/2016	£ 125
3	06/11/2016	28/11/2016	£ 125
4	17/12/2016	15/06/2017	£ 275

Mr H’s complaint has been assessed by one of our adjudicators. She thought that the checks WDA had done before agreeing the first three loans had been sufficient. But she thought more checks should have been done before Mr H was given the final loan. But she also thought that proportionate checks on that loan would have still suggested that Mr H could afford to repay it. So she didn’t think Mr H’s complaint should be upheld.

Mr H didn’t agree with that assessment. So he has asked, as he is perfectly entitled to, that his complaint be decided by an ombudsman.

## 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 also taken into account the law, any relevant regulatory rules and good industry practice at the time the loans were offered.

WDA was required to lend responsibly. It needed to make checks to see whether Mr H could afford to pay back each loan before it lent to him. Those checks needed to be proportionate to things such as the amount Mr H was borrowing, and his lending history, but there was no set list of checks WDA had to do.

WDA has told us about the checks it did before lending to Mr H. It asked him for details of his income, and his normal monthly expenditure. And it says it checked his credit file before the first two loans were agreed. I haven’t seen the results of those credit checks, but I’m not aware of any adverse information such as defaults or county court judgements that might have caused additional concerns to the lender.

The amounts Mr H asked to borrow on his first three loans were relatively small compared to what he declared about his income. And the repayments appeared to be easily affordable when compared with the disposable income he declared. Mr H repaid the first loan as

planned. There was then a gap of almost a month before he borrowed again. And his second loan was repaid within just a few days. He then asked for his third loan around two weeks later.

I think that WDA should have started to become concerned about the nature of Mr H's borrowing as time went on. The frequency of his borrowing had increased. And he repaid his second loan much earlier than scheduled. But on balance I think the checks WDA did before giving the first three loans to Mr H were proportionate. So I don't think WDA was wrong to give these loans to Mr H.

But I don't think the checks were sufficient for the final loan. This was now Mr H's fourth request in around six months – and his third request in less than two months. I think the pattern of Mr H's borrowing should have concerned WDA. And the amount Mr H asked to borrow, and so the amount he needed to repay, was much higher than before. I think WDA should have wanted to gather some more information about Mr H's finances here, such as asking him about any other short term lending he was taking at the same time.

But although I don't think the checks WDA did on this final loan were sufficient, that in itself doesn't mean that Mr H's complaint should succeed. I'd also need to be persuaded that what I consider to be proportionate checks would have shown WDA that Mr H couldn't sustainably afford the loan. So I've looked at Mr H's bank statements, and what he's told us about his financial situation, to see what better checks would have shown WDA.

At the time of loan 4 I still think it was reasonable for WDA to place some reliance on what Mr H declared about his income and normal expenditure. He said that he earned around £2,600 each month, and his expenditure was £310. So he told WDA that he had just under £2,300 left over each month that he could use to make his repayments.

As I said earlier, I think WDA should have also asked Mr H about any other short term loans that he was taking at the same time. Had it done so it would have seen that Mr H was borrowing extensively from a number of other lenders. And around the time he needed to repay WDA he also needed to make repayments of much more than £1,000 to other lenders.

But, considering what Mr H told WDA about his disposable income, that would still have left him with more than enough money each month to make the required repayments on his final loan. So even if WDA had done what I consider to be proportionate checks here I still think that it would have thought the loan was affordable. So I don't think it was wrong of WDA to give this loan to Mr H either.

I appreciate that this decision will be disappointing for Mr H. I can see that his financial situation was very difficult at the time, and that he was gambling heavily. But this wasn't something that he told WDA when he asked for the loans. And I don't think it was something that what I consider to be proportionate checks would have discovered either.

### **my final decision**

For the reasons given above, I don't uphold the complaint or make any award against CURO Transatlantic Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 8 May 2018.

Paul Reilly  
**ombudsman**