

## **complaint**

Mr A complains that CURO TRANSATLANTIC LIMITED (trading as Wage Day Advance) gave him loans that he couldn't afford to repay. He asks that it refunds interest and charges and removes information about the loans from his credit file.

## **background**

Mr A took out 15 loans between August 2014 and July 2016.

The adjudicator recommended that the complaint should be upheld, saying:

- Wage Day Advance did proportionate checks before offering the first three loans. It asked about Mr A's income and expenditure. Based on the information he provided the loans appeared affordable.
- While Wage Day Advance should have made further checks before the fourth loan, it was likely it would have assessed the loan as affordable. Mr A told Wage Day Advance his monthly income was £1,400 and his expenses were £500. He had short term commitments of about £262. This left enough income for the £290.64 loan repayment.
- Wage Day Advance should have asked for information about Mr A's financial situation before the fifth and later loans, for instance by asking to see bank statements. This was his fifth loan and he borrowed only a few days after repaying the previous loan, suggesting he might be relying on short term borrowing. Had it made proportionate checks, it would have seen that Mr A couldn't afford the loans.

The adjudicator said Wage Day Advance should refund interest and charges on loans 5 onwards, with 8% interest, and remove negative information about the loans from Mr A's credit file.

Wage Day Advance asked for more information about Mr A's bank account and financial circumstances. It said the adjudicator only provided limited information given the number of loans. It said based on the disposable income calculated by the adjudicator, some loans were affordable.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Mr A took out the first loan, of £200, in August 2014. He told Wage Day Advance his monthly income was £1,400 and his expenditure was £150. I think these checks were proportionate and it was reasonable for Wage Day Advance to assess the loans as affordable. I also think its checks were proportionate for the second and third loans, which were for the same or lower amounts.

I think Wage Day Advance should have asked more questions before the fourth loan, particularly about Mr A's short term commitments. But if it had, I don't think it would have

found the loan unaffordable. Mr A had short term commitments of about £262 when he took out the loan. Based on the information it would have had, I think Wage Day Advance would have assessed the loan as affordable.

Mr A took out the fifth loan, of £210, in June 2015. This was Mr A's fourth loan in four months and he borrowed shortly after he'd repaid the previous loan. This could suggest a possible problem and should have prompted Wage Day Advance to ask more questions. I think it should have asked for information to gain a full understanding of Mr A's financial circumstances. While there are different ways of doing this, one is to look at his bank statements.

Mr A's monthly income varied. The average for the three months before he took out the loan was about £1,540. His normal living costs and regular financial commitments were about £970. And he had short term financial commitments of about £410. This didn't leave enough disposable income to meet the loan repayment of £245. Mr A's bank statements also show a number of gambling transactions with a net loss over £350.

Mr A took out another six loans between June 2015 and January 2016. While these were for smaller amounts (between £100 and £200) I think given Mr A's borrowing pattern Wage Day Advance should have made further checks. I don't think, at this point, it was enough to rely in his answers to its standard application questions without further checks. In March 2016 Mr A took out a £500 loan. He borrowed increasing amounts in April and June 2016 before taking out an £800 flexi-loan in July 2016. I think Wage Day Advance should have asked for information to gain a full understanding of Mr A's financial circumstances before offering these loans.

We're an informal dispute resolution service. I think the adjudicator's approach – giving examples of Mr A's financial circumstances during the period that he took out these loans – is appropriate. Wage Day Advance asked whether some of the loans could have appeared affordable. But I've looked through Mr A's bank statements and they show continued regular use of short term loans and gambling transactions. I think it's unlikely Wage Day Advance would have assessed these loans as affordable if it had looked properly at Mr A's financial circumstances.

I don't think Wage Day Advance should have agreed to lend to Mr A after, and including, the loan that he took on 6 June 2015. So for each of those loans Wage Day Advance should:

- Refund all interest and charges that Mr A paid on the loans;
- Pay interest of 8% simple a year on all refunds from the date of payment to the date of settlement\*;
- Write off any unpaid interest and charges, apply the refund to reduce any capital outstanding and pay any balance to Mr A;
- Remove any negative information about the loans from Mr A's credit file.

\*HM Revenue & Customs requires Wage Day Advance to take off tax from this interest. Wage Day Advance must give Mr A a certificate showing how much tax it's taken off if he asks for one.

**my final decision**

My decision is that I uphold this complaint. I order CURO TRANSATLANTIC LIMITED to amend Mr A's credit file and pay the compensation as described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 28 August 2017.

Ruth Stevenson  
**ombudsman**