

complaint

Miss E says WDFC UK Limited, trading as Wonga, lent to her irresponsibly. She says all her loans were unaffordable and that her credit file would've shown she was in a "hole".

background

Wonga approved five loans for Miss E. Our adjudicator considered the complaint about the loans and recommend it be upheld in full.

Wonga accepted this recommendation and made an offer on 13 April 2018. It offered to refund the interest and charges paid on loans 1-4 (plus 8% simple interest per year). But it said it wanted to deduct from this an amount of capital it had written off on the last loan.

Our adjudicator thought this was fair. Miss E didn't agree. She says she doesn't accept Wonga had written anything off and sent us a statement showing payments she made towards the loan through a third party.

As there's been no agreement, the complaint's been passed to me to decide. The appropriate redress is the only issue still in dispute, so that's all I'm considering here.

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 taken into account the law, good industry practice and any relevant regulations at the time.

did Wonga write off capital – and can it offset this against the refund of interest and fees?

From the information I've seen, I'm satisfied Wonga did write off capital from the last loan it approved for Miss E (ending 6334). Wonga lent Miss E £750 (this is the amount before any interest or other charges) and from the loan statement Wonga has provided, I can see Miss E repaid much less than this before Wonga wrote off the remaining balance.

The third party statement Miss E provided shows the same thing. The 'total paid' figure on this statement is £298.96 – which is essentially the same as what Wonga's statements show, although the amount differs by a few pounds. So I think it's clear a write off was made as the balance on her Wonga account is now zero.

In short, I think the offer Wonga made following the adjudication is fair. I consider it would have been fair and reasonable for Miss E to repay all of the capital she borrowed. As some capital was written off, I think it follows that it's fair and reasonable for Wonga to offset this against the refund of interest and charges it has agreed to make.

what Wonga needs to do to put things right

The offer made by Wonga on 13 April was fair, so Wonga must now:

- refund the interest and charges Miss E paid on the first four loans
- add to the above interest at 8% simple per year, from when Miss E paid them until the date of settlement†

- remove any adverse information about loans 1-5 from Miss E's credit history

Wonga may deduct from the above the capital it wrote off for loan five.

† HM Revenue & Customs requires Wonga to take off tax from this interest. Wonga must give Miss E a certificate showing how much tax it's taken off if she asks for one.

my final decision

I uphold this complaint. WDFC UK Limited must put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 6 October 2018.

Matthew Bradford
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