

complaint

Mr J complains that WDFC UK Limited (trading as Wonga.com) didn't carry out proper affordability checks and irresponsibly granted him unaffordable payday loans. He says it trapped him in a spiral of increasing debt which worsened his financial position. He wants the interest and charges refunded.

background

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

- Wonga granted Mr J some 16 loans in a period of just over six months in 2011.
- Wonga didn't carry out proper affordability checks when lending to Mr J. There was a trend of increasing continuous borrowing even after two defaults.
- So, Wonga should refund all interest and charges on all loans from the 16 November 2011.

Wonga hasn't responded to the adjudicator's opinion.

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. I think the adjudicator's recommendation for a refund of interest and charges from 16 November 2011 is fair. But I also think Wonga should pay interest on the payments Mr J made after that date. It should also remove any information on his credit file relating to loans granted after this date.

my final decision

I uphold this complaint and I require WDFC UK Limited (trading as Wonga.com):

1. To refund all interest and charges on all loans from 16 November 2011 plus pay simple interest at the rate of 8% a year from the date each sum was paid until the date of settlement; and
2. To remove any information on Mr J's credit file relating to all loans taken out from 16 November 2011.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 8 April 2016.

Stephen Cooper
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