

complaint

Mr J complains that WDFC UK Limited (trading as Wonga.com) didn't carry out proper affordability checks and irresponsibly lent him unaffordable payday loans. They worsened his financial position. He wants the interest and charges refunded. And his credit file amended.

Wonga said in its final response to Mr J's complaint that it considered the information he'd given. It would carry out a credit reference agency check and use its own underwriting system. There's no indication that Mr J's loans were unaffordable. It'd assisted him when told of his financial difficulties.

background

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

- Wonga granted Mr J 6 loans in a period of just over four months in 2011.
- Given Mr J's declared monthly income the loans taken out before the 29 November 2011 would've been affordable.
- But after that the amount borrowed more than trebled and there was a previous default. Wonga could've carried out more checks as there was a trend of increasing borrowing.
- So, Wonga should refund all interest and charges on all loans from the 29 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 her recommendation of a refund of interest and charges from 29 November 2011 is fair and reasonable. But I also think Wonga should pay interest on the payments Mr J made after that date. And it should also remove any information on his credit file relating to loans granted after that date.

my final decision

My decision is that 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 29 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 29 November 2011.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 11 April 2016.

Stephen Cooper
ombudsman