

complaint

Mr C's complaint is that PDL Finance Limited ("PDL") loaned to him irresponsibly from 2013 by giving him nine short-term loans that he couldn't afford.

background

In August 2013, Mr C took a loan with PDL for £200. He repaid this, and in October says he was offered £700, which he again took. He said at the time he also had other payday loans, and was already in a cycle of having to borrow to repay.

He contacted PDL to tell it about his financial difficulties, and a repayment plan was agreed. When the plan ended, he says he was offered another loan for £200, and then another for £1,000. He borrowed the £1,000 seven times in total.

Of his nine loans, eight have been repaid in full, and the final one has been written-off.

He says that this money shouldn't have been loaned to him, as had the correct checks been done PDL would have seen that the borrowing wasn't affordable; that he had a very poor credit score; that he'd defaulted on previous loans; and that he was in a cycle of debt that he was trying, yet struggling, to break out of.

Mr C complained to PDL, and asked for the charges and interest on all the loans except two (leaving seven) to be refunded, and the related data removed from his credit file. He accepted that two of the loans were affordable.

PDL replied saying it remained satisfied that all the checks it had carried out showed that Mr C had an average credit score; it had checked his income and expenditure that showed his repayments were comfortable; and it was satisfied each loan had been affordable. It clarified that the loans weren't rolled-over payday loans, but had specific terms agreed with Mr C each time he borrowed.

On this basis, it declined to refund the interest and charges. It did make a gesture by offering to refund £103, but Mr C didn't accept this.

Mr C then brought his complaint to this service, saying that addition to his grounds about PDL's irresponsible lending, he was concerned about some of the information it'd used when approving him for credit that he knew to be inaccurate.

In response to this, PDL reassessed its position and offered to write-off his outstanding loan balance of £1,048 in full and final settlement.

Mr C didn't accept this, and asked us to look at his complaint. He still wanted a refund of the interest and charges of £3,363.67, plus statutory interest, and his credit file amended.

Our adjudicator considered all the evidence. Initially he thought a refund was the right thing, but on receiving further information, including Mr C's bank statements, he revised his position. He said looking at all the evidence he thought PDL had already taken reasonable steps to settle the complaint by doing the write-off, and didn't think it was fair to ask it to do any more.

Mr C didn't agree. He felt that because he'd had to bring it to PDL's attention its mistakes and that the ongoing borrowing wasn't affordable, it should pay him more than just the write-off. He wanted to be put back into the position he'd be in if he'd never been given the loans.

He asked for an ombudsman's referral, so the complaint's come to me.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In doing so, I've looked carefully at everything both parties have submitted, including all of Mr C's most recent emails.

Having done this, I can see that he's had a lot of financial worries in recent years, and I've no doubt that this has been difficult for him. However, I've also seen he's been able to repay each of his loans, often early and with lump sums. While I'm not saying this was easily done, and I accept that it may sometimes have been achieved only with borrowing from elsewhere, Mr C still had the benefit of the money he borrowed, and he was able to pay it back.

I've also taken into consideration how PDL has dealt with Mr C's complaint. When he quite rightly corrected it on its error regarding the Electoral Roll, it reassessed its position and wrote-off the full sum of his outstanding loan, at a total of over £1,048. I think this was a fair and reasonable gesture.

Mr C didn't accept this as a final resolution as he wanted circa £3,350 in charges and interest, with statutory interest on top. He said he felt PDL was guilty of wrong-doing, and it wasn't enough to just write-off what he still owed it.

I'm afraid I don't think this is a reasonable position for him to take. While I accept he was at times in a cycle of debt, his relationship with PDL was one where over time he was shown to be good for the borrowing he took. His income and expenditure information showed that he had more than sufficient free income to make his repayments. And over the course of their relationship he always paid his loans back, often settling early with lump sum repayments. So from PDL's perspective he was a good risk.

And on the occasion that he did have problems and he contacted PDL to let it know, it agreed a plan with him that worked so that the debt was repaid.

I don't accept that Mr C was forced into repeat borrowing. His loans were short-term, not payday loans. Each time he applied he was asked to agree new borrowing terms, which he did. He also had the benefit of the money he borrowed, and it's really for people in similar positions to him, who sometimes need short-term borrowing to tide them over, that this type of credit exists. It's a service that helps people out who might not otherwise be granted credit easily, for a premium, and for many people it works well.

Overall, I think PDL was right to write-off the balance of the final loan.

However, I don't think this gesture should be taken as an admission that all of the loans weren't affordable.

PDL has never said this, and I can't say they were as I don't think the evidence supports this contention. They might have placed Mr C in a position he didn't feel comfortable in, and he may have had to make sacrifices in order to repay them. But I have to look at whether and what PDL knew about this at the time it allowed the borrowing. And I think given the checks it did, and Mr C's ongoing relationship with it, it wasn't unreasonable of it to let him continue to borrow.

In terms of Mr C's credit file, PDL only recorded what was factually accurate, and as I don't accept that the lending was unaffordable, I don't think it needs to do anything here.

For all of these reasons, I won't be asking PDL to do anything more to resolve this complaint. It's already cleared his remaining debt, and this is a not insignificant write-off. Mr C's had the benefit of the money, but isn't being asked to repay it, and I think he should recognise this.

my final decision

My final decision is that I don't require PDL Finance Limited to take any further action to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 10 June 2016.

Ashley L B More
ombudsman