

complaint

Mr A and his representative complain that Wage payment and Payday Loans Limited should not have approved his loan application due to his financial difficulties as it was unaffordable.

background

Mr A applied for a loan with WPPL. He provided it with information about his income and outgoings and it was granted. But Mr A has not paid it back and has now entered into a Debt Relief Order. Mr A complains that the loan should not have been granted due to the fact that he was already struggling to repay his existing debts and it was unaffordable.

Our adjudicator recommended that the complaint should be partly upheld. In summary she considered that:

- At the time of the application Mr A's credit rating was "poor" and he was clearly struggling to repay his existing debts. One payday lender had already recorded a default against him, a second had noted he was in arrears and a third had rolled over a loan on numerous occasions.
- Mr A should have given WPPL accurate information about his income and expenditure but his personal circumstances were such that it was understandable why he might have lied to obtain money.
- WPPL did not check the income and expenditure information he did provide. If it had asked for proof of his figures it would have seen the loan was not affordable.
- The loan should not have been approved but Mr A has had the benefit of the money. It is reasonable he repay the amount he borrowed but WPPL should remove the interest and charges applied.
- Mr A is currently entered into a Debt Relief Order so if his circumstances do not change the debt will be written off in time. But if he does become able to repay the debt he should only pay the original amount he borrowed and not the interest and charges.

WPPL has not responded to the adjudicator's opinion.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Having done so, I agree with the conclusions reached by our adjudicator for broadly the reasons given.

Overall I see no compelling reason to change the proposed outcome in this case.

my final decision

My final decision is that I partly uphold this complaint and I order Wage payment and Payday Loans Limited to remove the interest and charges applied to Mr A's loan account.

Stephen Cooper
ombudsman