

complaint

Mr M complains that Steven George Murray (trading as Uncle Buck) irresponsibly lent him money.

background

Mr M took out a number of payday loans with Uncle Buck over about a five year period. Each time the original loan was rolled over and it took some time before the loans were eventually paid off. Despite this Mr M was approved for further borrowing and his credit limit increased.

Mr M says the loans were unaffordable. He's also unhappy about the way he was treated when in financial difficulty.

Our adjudicator recommended that the complaint should be upheld. He considered the number of rollovers should've led Uncle Buck to investigate the reasons behind them. When Mr M applied for the loans his bank statements show he was overdrawn, had numerous other payday loans and was making large payments to gambling websites. Mr M's emails saying he was in severe financial difficulty and had a gambling addiction were also apparently ignored. Uncle Buck should therefore refund to Mr M all interest and charges applied since the second rollover of the first loan plus interest.

Uncle Buck didn't agree. It said it treated Mr M sympathetically. It had frozen interest and set up a suitable repayment plan. But it accepted there may have been an element of irresponsible lending after it had failed to note that Mr M had asked it not to lend to him. But, despite this, Mr M applied to borrow more money. It was prepared to refund £128.87 of charges and interest applied on two later loans.

Mr M didn't accept this offer. He says Uncle Buck hasn't shown it carried out affordability checks. It hadn't taken account of the excessive number of 25 rollovers, his other debts and pattern of borrowing. Mr M says he's prepared to accept a refund of half of the rollovers. Uncle Buck doesn't agree to this and says its offer is fair.

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 our adjudicator's conclusions for broadly the same reasons

I don't think Uncle Buck has shown that it carried out suitable affordability checks before lending money to Mr M. Whatever level of checks Uncle Buck was required to carry out I think Mr M's account history of repeated rollovers and late repayments should've alerted it to the fact that he may have been in financial difficulty and was reliant on short term lending.

I agree with the adjudicator that it would've been reasonable for Uncle Buck to have reached this conclusion when the first loan was being rolled over for a second time. Had it done so it would've been appropriate for it to have asked for more information from him and carried out more thorough affordability checks. I think that would've most likely led it to conclude that he was at that time in financial difficulties and the loans after that shouldn't have been granted.

Uncle Buck has accepted that some irresponsible lending may have occurred when it failed to act on Mr M's request not to lend to him. But I don't think its offer to refund interest and charges on two of the later loans goes far enough. I also don't think that it would be fair to require Uncle Buck to refund half of the rollovers as Mr M suggests.

Overall, I agree with the adjudicator that it's a fair and reasonable resolution of this complaint for Uncle Buck to refund all interest and charges applied to the account since the second rollover of the first loan plus interest.

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

my final decision

For the reasons I've discussed above my decision is that I uphold this complaint and I require Steven George Murray (trading as Uncle Buck) to refund to Mr M all interest and charges applied since the second rollover of the first loan plus simple interest on each sum at the rate of 8% a year from the date each was paid until the date of settlement.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr M to accept or reject my decision before 21 May 2015.

Stephen Cooper
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