

## **complaint**

Mr C complains that Active Securities Limited trading as 247 Moneybox lent him money that he couldn't afford to repay.

## **background**

Mr C took out 13 loans with 247 Moneybox between January 2016 and March 2017. He doesn't think it carried out enough checks before agreeing to lend. 247 Moneybox agreed to write off Mr C's outstanding balance but Mr C didn't think this was good enough.

247 Moneybox didn't agree the lending was unaffordable. It recorded Mr C's net pay and his regular monthly outgoings, including credit commitments. 247 Moneybox said Mr C's credit score fell within the approved threshold and the checks it carried out were proportionate. It explained that it asked Mr C about short term lending and any other matters relevant to his ability to repay.

The adjudicator thought Mr C's complaint should be upheld in part. She thought the lender carried out enough checks before agreeing loans 1 and 2.

For loans 3-13 the adjudicator thought the lender should've carried out more checking. She didn't think that Mr C had been properly asked about his short term lending. At the point of loan 4 onwards she thought that the lender should have done more checks to verify what Mr C was saying about his circumstances. The adjudicator thought better checks at this stage would've shown Mr C owed money to a number of payday lenders and was gambling. She recommended that 247 Moneybox refund all interest and charges paid on loans 3-13. She asked the lender to pay simple interest of 8% a year on the refund and remove any negative information about the refunded loans from Mr C's credit file.

247 Moneybox didn't agree with this recommendation and in particular said that the questions about short term lending were part of Mr C's application but it didn't respond further to the adjudicators view.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I agree with the adjudicator's recommendations.

Before agreeing to lend, 247 Moneybox should've made sure Mr C could afford to repay the borrowing. Any checks needed to be proportionate, taking account of various factors including the repayment amount and any borrowing history. But there wasn't a set list of checks it had to carry out.

### *loans one and two*

I agree that 247 Moneybox's checks went far enough for these loans. For the first two loans it asked about Mr C's essential expenses and his income. I think it was reasonable to rely on what Mr C said at this point in the lending chain. Based on what Mr C told 247 Moneybox, it was reasonable to lend these amounts.

### *Loan 3*

Mr C took this loan the same day as repaying the second loan and for the highest amount so far of £230. By this stage, Mr C had borrowed on three occasions in successive months. I think 247 Moneybox should've been concerned that given the frequency of borrowing, Mr C might not have asked for the loan to meet an unexpected expense but rather to meet his normal living expenses. I would have expected further checking of Mr C's income and outgoings to check that he wasn't dependent on these loans. I agree with the adjudicator that 247 Moneybox hasn't provided Mr C's application or evidence that it specifically asked him at the point of this loan about his short term lending. I have looked at Mr C's bank statements for this period to see what short term lending he had and I can see that he was due to repay around £800. I think better checks would have revealed that the loan was unaffordable for Mr C.

#### *Loans 4 to 13*

Mr C continued to borrow and loan 4 was taken out a few days after loan 3 was repaid and again for a higher amount. I think that by this stage it was reasonable to have expected 247 Moneybox to establish the fullest understanding possible of Mr C's finances by checking his income and expenditure with evidence such as copies of bills, payslips or things like bank statements.

Mr C has given us bank statements for the period in question. These show that as well as borrowing from other short term lenders, he was gambling significantly. By this stage Mr C owed more money than he was comfortably able to repay and was resorting to borrowing to make ends meet. He was in difficulty making his normal repayments and his direct debits were being returned.

If 247 Moneybox had carried out what I consider would've been more proportionate checks from the third loan onwards it seems likely it would've realised the extent of Mr C's financial difficulties. By this stage Mr C was borrowing consistently. As a responsible lender, I wouldn't have expected 247 Moneybox to continue to lend money to Mr C without proper checking of his circumstances.

Mr C didn't tell 247 Moneybox about his other short term lending and gambling because he wanted and needed the loans to manage each month. Relying on what Mr C said about his position by the point of the fourth loan I don't think was enough, especially when his borrowing pattern clearly indicated that he wasn't using the borrowing as a temporary solution.

Mr C has had the benefit of the money so I think it is only fair that he pays it back. To put things right 247 Moneybox should refund all interest and charges Mr C paid on loans 3-13 together with interest. It should also remove any negative information relating to these loans.

#### **my final decision**

My decision is that I uphold this complaint in part. To put things right, Active Securities Limited trading as 247 Moneybox should:

- Refund any interest and charges applied to loans 3 to 13;
- Write off any interest and changes Mr C hasn't yet paid;

- Deduct any capital still owing from the compensation due;
- Add simple interest at a rate of 8% per annum to each of these amounts from the date they were paid to the date of settlement\*
- Remove from Mr C's credit file, any negative information about the above loans and any records of searches it's done since he complained

\*HM Revenue & Customs require 247 Moneybox to take off tax from this interest. 247 Moneybox must give Mr C a certificate showing how much tax it's taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 21 May 2018.

Emma Boothroyd  
**ombudsman**