

## **complaint**

Mr J complains that Elevate Credit International Limited (trading as Sunny) gave him a loan he couldn't afford.

## **background**

Mr J says he took out a loan with Elevate in August 2015. He accepts he wasn't truthful about his income and expenditure. He says that's because he was desperate for the money. But proper affordability and credit checks weren't done. If they had, Elevate would've seen that he couldn't afford the loan. Mr J says he had a number of defaults on his credit file, and outstanding debts with other providers.

Our adjudicator recommended that the complaint was upheld. She didn't think Mr J could afford the loan. She appreciated that Mr J wasn't truthful about his income and expenditure. But she could also see that Elevate checked Mr J's credit file before it gave him the loan. So she thought that it should've done more to check what Mr J had told it, and whether he could afford the loan.

So our adjudicator recommended that Elevate should refund the interest and charges on Mr J's account with interest. She also thought that it should remove any adverse information it has recorded on Mr J's credit file about the loan.

Elevate disagreed with the adjudicator and asked for the complaint to be reviewed.

## **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 conclusions of the adjudicator for broadly the same reasons.

When Mr J applied for the loan he said that he was in a full time job with a monthly income of £1,267. He said his outgoings were £400. And he paid £50 a month to his creditors. Elevate says it carried out an income and expenditure check and offered to lend Mr J £400 – less than the £500 he asked for. That's because it realised Mr J had understated his debts to other creditors, and that he had a default on his credit file.

Elevate should only have given Mr J the loan if it had assessed his ability to repay it, and decided it was affordable. It's clear from what Elevate has told us that it looked at his credit file at the time, and considered affordability. That's why it offered Mr J less money than he asked for. But I think that if Elevate had looked more closely at Mr J's credit file it would've seen a number of recent defaults. These indicated that Mr J was having problems repaying what he already owed. And while I think Elevate could reasonably expect Mr J to be honest about his income and expenditure, it could've done more to question what it was told. Its website says that it asks customers for statements, ID and payslips. But Mr J wasn't asked for any such documentation.

I also think the loan was unaffordable to Mr J. So Elevate should refund the interest and charges on Mr J's account with interest. As Mr J had the benefit of the loan, I don't think he should get the £400 he borrowed back. But I think Elevate should remove any adverse information it has recorded on Mr J's credit file about the loan. That's because I don't think it should've given it to him in the first place.

Mr J has told us that Elevate sold his account on to a debt collector, and that it's chasing him for repayment of the outstanding debt. So I think Elevate should update that debt collector so that it can update its records about Mr J.

**my final decision**

My final decision is that Elevate Credit International Limited (trading as Sunny) should:

- pay Mr J all the interest and charges he has paid on his loan.
- add interest to each refunded payment, calculated at the rate of 8% per year simple from the date each payment was made to the date it pays Mr J.
- remove all information about the loan from Mr J's credit file.
- tell the debt collector it sold Mr J's account to about this decision, so that it can update its records about Mr J.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 6 June 2016.

Laura Forster  
**ombudsman**