

complaint

Mrs W, on behalf of her son Mr W, complains that Gracombex Ltd (trading as The Money Platform) (TMP) lent him a peer to peer instalment loan that was unaffordable. She's also unhappy with its systems and processes. Mrs W wants it to stop all interest and agree a reduced final payment figure to clear the debt.

background

Mr W had one loan from TMP in early 2017. He was also borrowing from other lenders and gambling heavily. Mrs W thought it had been irresponsible for TMP to approve the loan. TMP said its affordability checks had been thorough and these showed that Mr W could afford to repay his loan. TMP said it had frozen interest and not applied late payment fees. It said it had tried to help Mrs W and Mr W make payments online.

Our adjudicator didn't recommend that the complaint should be upheld. She thought TMP's affordability checks had been proportionate and sufficient for Mr W's loan. She thought it had responded positively and sympathetically to Mr W's financial difficulties. She also thought it had responded reasonably to his difficulties in using its systems.

Mrs W replied that Mr W shouldn't have been able to borrow from a range of lenders at the same time. Mr W's gambling and borrowing had harmed him and his family. She wanted to change practices to prevent vulnerable people coming to harm.

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 was sorry to hear about the effect of Mr W's gambling and borrowing on his health and the impact on his family. I can understand that this must be very distressing and traumatic for all concerned.

The adjudicator has already explained that we're not the regulator. We can't require businesses to change their practices or systems. I can see that Mrs W has already been in contact with the regulator, the Financial Conduct Authority (FCA), to raise her concerns about how companies lend and record information with the credit reference agencies.

Our role is to look at complaints on a case by case basis to provide an informal dispute resolution service. So, in this case, I can only look at how TMP lent to Mr W and the level of service it's provided to him.

Mr W borrowed £750 (£939 including interest) from TMP to be repaid three months later. He was unable to repay the loan and TMP froze interest on maturity. It has agreed at various times to set up a repayment plan to clear the debt.

TMP was required to lend responsibly. It should have made checks to make sure Mr W could afford to repay the loan before it lent to him. Those checks needed to be proportionate to things such as the amount Mr W was borrowing, and his lending history. But there was no set list of checks TMP had to do.

TMP asked Mr W for his monthly income, which was £1,900, and it validated this. Mr W said his rent was £10 a month and it made allowances for other reasonable expenditure. TMP carried out credit searches which showed nothing untoward. It said these didn't show any recent searches that might have signalled desperate searches for credit. Mr W had a regular financial commitment that looked well-managed. TMP's checks didn't show other short-term lending.

I agree with the adjudicator that these checks were proportionate and sufficient for Mr W's loan. This was the first time he'd borrowed from TMP, so there was no history of sequential borrowing to raise concerns. It validated what he told it he earned. It checked his credit file, and this didn't show Mr W's other recent short-term loans. I don't think this is unusual as it takes some time for these to be reported.

There was nothing untoward in the credit check that should have prompted TMP to make further checks. It looked as if Mr W had adequate disposable income to repay the loan. So I can't say it was wrong for TMP to approve it. And I can't require it to remove or reduce any interest.

I think TMP has responded positively and sympathetically to Mr W's financial difficulties. I can also see that there have been difficulties in using its systems for repaying the loan. But I think TMP's offer to talk Mrs W and Mr W through this is reasonable. I can't require TMP to change its systems or processes in these circumstances.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 14 December 2017.

Phillip Berechree
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