

complaint

Miss T complains that WDFC UK Limited (trading as Wonga) offered her loans without making proper checks. She says the loans weren't affordable and fuelled her gambling habit. Miss T, who is represented by a claims management company, asks for compensation and a refund.

background

Miss T took out two loans with Wonga in 2017. The adjudicator didn't recommend that Miss T's complaint should be upheld. He said Wonga asked about Miss T's income and expenditure before each loan. The information she provided suggested the loan repayments were affordable. The adjudicator said the checks made by Wonga were proportionate and it was entitled to rely on the information Miss T provided.

Miss T didn't agree. Her representative said Wonga was required to do a credit check and this would have shown Miss T's existing loans. This should have raised concerns and prompted Wonga to make further checks. It would then have been aware of her financial circumstances and gambling problem.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Lenders have to assess whether a loan is affordable using suitable information. But checks must be proportionate depending, for instance, on the size of the loan, the repayments and what the lender knows about the customer.

Miss T took out her first loan, of £250, in May 2017. She told Wonga her net monthly income was £2,500 and her expenditure (including credit commitments, mortgage/rent, travel, food, utilities and other) were £1,650. Given the amount of the loan, Miss T's stated income and expenditure, and that this was her first loan with Wonga I think these checks were proportionate. The information Miss T provided suggested the loans were affordable.

Miss T took out the second loan, of £440, in late September 2017. She told Wonga her monthly income was £2,500 and her expenditure was £1,650. The loan was repayable in instalments of £136. Miss T had repaid the first loan in May 2017 before its due date. I think, given Miss T's stated income and outgoings and the amount of the loan, the checks made by Wonga were proportionate.

Miss T's representative says her credit records should have alerted Wonga to a problem and the need for more checks. But Wonga's credit check wouldn't provide the same information as the credit report obtained by Miss T. The information Wonga provided about its checks doesn't suggest it should have been alerted to a possible problem with Miss T's borrowing.

Miss T's representative says she had a gambling problem. But I don't think Wonga was aware of this. I don't think it needed, at this point, to ask for copies of Miss T's bank statements to verify the information she provided about her outgoings.

In the circumstances, I think the checks done by Wonga were proportionate. It was entitled to rely on the information Miss T provided and I can't see it had any reason to suspect this wasn't correct.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 28 September 2018.

Ruth Stevenson
ombudsman