

**complaint**

Mr O complains Uncle Buck Finance LLP lent him money he couldn't afford to repay.

**background**

Mr O took out five loans with Uncle Buck, of which four were instalment loans.

date taken	amount	instalments	highest monthly payment	Date repaid
19 April 2015	£250	0	n/a	30 April 2015
4 May 2015	£345	3	£168.94	31 July 2015
22 August 2015	£300	3	£158.54	24 August 2015
5 February 2016	£400	3	£194.47	30 March 2016
30 March 2016	£600	3	£305.42	4 April 2016

Mr O says it was irresponsible to lend to him as he was in a mess due to his gambling addiction.

Our adjudicator felt Mr O's should be upheld in part. She said Uncle Buck did enough checks before agreeing loans one to three. But thought Uncle Buck didn't do enough to assess affordability before agreeing the fourth and fifth loans. If it had asked more questions, Uncle Buck would've seen Mr O couldn't afford the loans. Our adjudicator was also concerned at the amount Mr O was spending on gambling.

Our adjudicator asked Uncle Buck to refund any interest and charges that it applied to the fourth and fifth loans. And remove any adverse references to them from Mr O's credit file.

Uncle Buck disagrees with our adjudicator's recommendation. It says it took account of Mr O's stated income and outgoings when deciding whether to agree the fourth and fifth loans. Uncle Buck says just because Mr O chose to spend money gambling before making loan repayments doesn't mean the loans were unaffordable. It says if it knows a consumer gambles, it won't agree to lend but it's not obliged to check this before lending.

**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 our adjudicator.

Uncle Buck was required to lend responsibly. It needed to check whether Mr O could afford to pay each loan back before it lent to him. There wasn't a set list of checks that Uncle Buck had to carry out. But the checks had to be proportionate to things such as the amount borrowed, the length of the agreement and any borrowing history.

Uncle Buck has given us evidence to show that each time it lent to Mr O it asked for details of his monthly salary and outgoings, including any regular financial commitments.

Before agreeing the first loan, Mr O told Uncle Buck he took home about £1,350 a month and had regular outgoings of under £300. His disposable income increased before the second loan as his salary was higher. At the time of the third loan, Mr O's income was £1,800 but his monthly expenditure had increased.

### *loans one to three*

Given the amount of each loan repayment, I wouldn't reasonably have expected Uncle Buck to ask more questions than it did. And based on the figures Mr O gave it, I don't consider it was irresponsible of Uncle Buck to agree the first three loans.

Uncle Buck also carried out credit checks each time. These showed a number of active credit accounts but I don't consider this should've necessarily prompted Uncle Buck to ask more questions of Mr O. The accounts might not have been short term loans – they could've been mobile phone, credit or car finance agreements. There were no defaults recorded in the previous 12 months which indicated Mr O was managing to meet his repayments. And the one County Court judgment was marked as satisfied.

### *fourth & fifth loans*

By the time of the fourth loan, Mr O's level of borrowing had increased and his stated income had decreased to £1,300. I think all of this should've prompted Uncle Buck to carry out a more thorough assessment of Mr O's financial situation. This should've included things like asking about any other short term financial commitments.

I can see Mr O was making a number of payments to other short term lenders at this time. I haven't seen anything to make me think Uncle Buck asked Mr O about this.

If Uncle Buck had asked Mr O about his short term lending commitments, as well as all his other outgoings, it would've seen that the fourth and fifth loans weren't affordable as he had no disposable income left. I don't think it should've agreed to lend to Mr O.

I also note that Uncle Buck has told us that if it's aware a consumer is a gambler it won't lend to them. I consider it would've been reasonable to expect Uncle Buck to consider Mr O's bank statements as part of the affordability assessment before agreeing the fifth loan. If it had, it would've seen Mr O gambled regularly. Based on what Uncle Buck has told us about the way it looks at consumers who gamble, it wouldn't have agreed this loan.

Uncle Buck should refund any interest and charges on the fourth and fifth loans and remove any adverse information about them from Mr O's credit file.

### **my final decision**

I uphold this complaint in part. In full and final settlement I require Uncle Buck Finance LLP to do the following:

- Refund any interest and charges Mr O has paid on the fourth and fifth loans
- 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 O's credit file, any adverse information about the fourth and fifth loan and any records of searches it's done since he complained

\*HM Revenue & Customs require Uncle Buck to take off tax from this interest. Uncle Buck must give Mr O 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 O to accept or reject my decision before 8 June 2017.

Gemma Bowen  
**ombudsman**