

complaint

Mr C complains that Express Finance (Bromley) Limited, trading as Payday Express, shouldn't have lent to him in 2012.

background

Mr C took out a 'running account credit' loan with Payday Express in July 2012. This worked in a different way from a payday loan – it had a set limit of £400 that Mr C could draw on. He borrowed £400 in one go, but then struggled to pay it back. He didn't borrow again using the loan, and he repaid it in December 2012.

Mr C got in touch with Payday Express in late 2015. He said he wanted the loan to be taken off his credit file, because it was affecting his chances of getting a mortgage. Payday Express said it wouldn't do that. Mr C later told us that he was gambling in the time leading up to taking out this loan in 2012, and he had payday loans with lots of different lenders. He thought Payday Express should have seen the extent of his borrowing from his credit file, and it shouldn't have lent to him.

Our adjudicator thought Payday Express had done appropriate checks before it agreed to the loan. She said it didn't have to look at Mr C's bank statements, and it didn't know he was in financial difficulty. She didn't think it had done anything wrong in lending to him.

Mr C asked for his complaint to be reviewed. He still thought Payday Express shouldn't have given him the loan, in the light of the number of payday loans he had and the number of applications for credit that would have been on his credit file. He said another lender had agreed with him and offered him compensation, and he couldn't see why Payday Express shouldn't do the same.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

It's clear that Mr C had problems repaying his loan with Payday Express and, given what he has told us, I recognise that he was in a difficult situation. He had to defer payments on the loan and it took some time for him to pay it back. But that doesn't necessarily mean Payday Express shouldn't have agreed to the loan in the first place.

Lenders should lend responsibly, and Payday Express should have checked to see whether it thought Mr C could afford to pay back the loan before it lent to him. Those checks should have been proportionate to the amount Mr C was borrowing, but there was no set list of checks it had to do.

Payday Express says it did a credit check before agreeing to the loan, and it took account of the income Mr C said he had in his application. Mr C met its criteria. It was for Payday Express to decide what its lending criteria were. That's not something we'd usually get involved in, and Payday Express didn't have to look at Mr C's bank statements or talk to his employer.

Mr C's credit file shows he had other debts in July 2012, and he'd been paying them back. That suggests he was managing his debts at that point. He also had one default from 2010.

Other defaults came later, after Payday Express had granted the loan – but I don't think it could reasonably have known that would happen. Short-term lenders often lend to people with poor credit scores. That's a decision for them to make, provided they take reasonable steps to ensure a customer can pay a loan back.

Given what Payday Express has explained it knew about Mr C's circumstances when it gave him the loan, and the checks it did, I don't think it did anything wrong. So, while I sympathise with Mr C given his current predicament, I can't fairly tell it to compensate him or amend his credit file. And, while another lender has agreed to pay compensation, that doesn't mean Payday Express should necessarily do the same. Each case is different, and I don't know what checks the other lender did before lending to Mr C.

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 C to accept or reject my decision before 15 August 2016.

Janet Millington
ombudsman