

## **complaint**

Mr R complains that Cash On Go Limited (trading as Peachy.co.uk) made short-term lending to him when it shouldn't have.

## **background**

In 2013 and 2014, Mr R had some loans from Peachy. He repaid them but later complained that the repayments hadn't been affordable for him.

### *our adjudicator's opinion*

The adjudicator recommended that the complaint should be upheld in part. She thought that - if it had carried out further checks - Peachy would've seen that Mr R was trapped in a cycle of gambling and borrowing, so it would've realised it would've been irresponsible to provide any further loans. She recommended that Peachy should:

1. refund all interest and charges paid on the last three loans;
2. pay interest of 8% simple a year on all refunds from the date of payment to the date of settlement;
3. remove any negative information about the last three loans from Mr R's credit file.

## **my provisional decision**

After considering all the evidence, I issued a provisional decision on this complaint to Mr R and to Peachy on 10 May 2017. I summarise my findings:

I wasn't persuaded that Mr R would've opened up to Peachy about his gambling.

Even if Peachy had done proportionate checks before the second and later loans, it wouldn't have seen that Mr R couldn't afford repayment of those loans in a sustainable way – that is without further short-term borrowing.

Subject to any further information from Mr R or from Peachy, my provisional decision was that I wasn't minded to uphold this complaint. I intended to make no order against Cash On Go Limited (trading as Peachy.co.uk).

Mr R disagrees with the provisional decision. He says, in summary, that he would've opened up to anyone who would listen, but Peachy wouldn't have cared.

## **my findings**

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

From its records and his bank statements, I think the lending was as follows:

Loan number	date of loan	amount £	date by which repaid
1	27.06.13	100	20.09.13
2	28.09.13	300	05.12.13

3	05.12.13	300	23.01.14
4	23.01.14	400	20.03.14

Before agreeing to lend to Mr R, Peachy had to check each time that he could afford to repay the lending. Affordability checks should be proportionate. There's no set list of what checks are proportionate. What's proportionate depends on things like - but not limited to - the size of the loan and the repayments and what information Peachy had about Mr R.

From its file, I accept that – before the first loan – Peachy did a credit check. From his more recent credit file and from his bank statements, I've seen that Mr R already had a number of other short-term loans from other lenders. But – on its own - that fact didn't mean Peachy had to ask any further questions at the outset.

Peachy recorded that Mr R was working full time and his monthly income was about £1,600. It also recorded that his monthly outgoings were about £300.

So he had a recorded disposable income of about £1,300. That was more than enough to cover the repayment of the first loan – about £134 due in about a month. So I'm satisfied that Peachy's checks were proportionate for that loan.

But Mr R didn't repay that loan in July or August. Twice he deferred repayment and had to pay extra interest.

Mr R was in fact sometimes earning more than £1,600 a month. In August 2013 he earned about £3,500.

When he repaid the first loan in September, only about a week went by before he asked for a second loan. Compared to the first loan - the second loan was three times as large. That was repayable over about two months. The repayments due were up to about £270. There's not enough evidence that Peachy knew Mr R's income had increased.

So I think Peachy should've done more checks before making the second loan. In my view, proportionate checks at that stage would've been to ask him about his normal income and expenditure and details of other short-term loans.

And on the same day he repaid his second loan Mr R applied for the third – of the same amount and also repayable over about two months. The third loan required repayments of up to about £270. There's not enough evidence that Peachy knew his income had gone up.

On the same day he repaid the third loan, he asked for the fourth. That was of a higher amount and was repayable by instalments of up to about £430.

So – as with the second loan - I think Peachy should've done more checks before making the third and fourth loans. In my view, proportionate checks at that stage would've been to ask him about his normal income and expenditure and details of other short-term loans.

I've thought about what would've happened if Peachy had asked Mr R - before its second and subsequent loans – about any loans from other lenders. I think Mr R would've thought that Peachy's credit check would show up details of his various other loans. So I find it likely that he would've told Peachy about them.

He was paying back two or three other short-term loans at a total of up to about £400 a month. This might've prompted Peachy to ask further questions. But – on the figures he'd given – Peachy might reasonably have thought Mr R could afford to repay its borrowing alongside his other borrowing.

It's clear from his bank statements that he was regularly spending about £2,000 a month on gambling. And this took up most of what he earned or borrowed. So there wasn't enough left for accommodation, food or transport costs.

But Peachy asks how it was to know Mr R's real financial situation. And I don't think its lending was at a level which called for it to ask Mr R for documents like bank statements. I think it would've been enough for Peachy to ask about other borrowing alongside what it had already asked about his normal income and expenditure.

From what he has said in response to the provisional decision, Mr R now recognises that he was going through a difficult time in 2013 and early 2014. But I'm still not persuaded that – if Peachy had asked about other borrowing - he would've opened up about his gambling.

Therefore I think that – even if Peachy had done proportionate checks before the second and later loans, it wouldn't have seen that Mr R couldn't afford repayment of those loans in a sustainable way – that is without further short-term borrowing. And I can't say Peachy wouldn't have made those loans.

So I don't find it fair and reasonable to order Peachy to refund interest and charges that Mr R paid – or to order Peachy to remove adverse information from Mr R's credit file.

### **my final decision**

For the reasons I've explained, my final decision is that I don't uphold this complaint. I make no order against Cash On Go Limited (trading as Peachy.co.uk).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 17 July 2017.

Christopher Gilbert  
**ombudsman**