

**complaint**

Mr W complains that Curo Transatlantic Limited, trading as WageDay Advance, gave him loans he couldn't afford to repay.

**background**

Mr W took out the following loans with WageDay Advance:

	date	£ amount borrowed
1	6 April 2016	100
2	8 May 2016	100
3	10 August 2016	80
4	11 September 2016	150
5	28 September	100
6	22 October 2016	100
7	21 November 2016	80

I understand there's currently an outstanding balance in relation to loan seven.

Our adjudicator thought that WageDay Advance shouldn't have given Mr W loans four to seven and set out what it should do to put that right. He said:

- The checks WageDay Advance carried out before loans one, two and three were proportionate.
- WageDay Advance should've asked Mr W about his other short-term financial commitments before loan four.
- Before loan five onwards, WageDay Advance should've obtained a full picture of Mr W's financial situation and verified the information he gave.
- If WageDay Advance had carried out proportionate checks before loans four to seven, it would've seen that Mr W couldn't afford to repay those loans.

WageDay Advance didn't agree with the adjudicator. It said:

- It carried out a full credit check before loan four.
- Mr W met its lending criteria.
- It was reasonable to rely on the credit check it did before loan four for loans five to seven, given the time between 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.

Before agreeing to lend to Mr W, WageDay Advance had to check each time that he could afford to make the repayments. The checks it did had to be proportionate. What's proportionate depends on things like the size of the loan repayments and the information it had about Mr W. There's no set list of the checks a lender should carry out.

Before each loan, WageDay Advance asked Mr W about his monthly income and expenditure, which it recorded as £1,700 and just under £700 respectively. It also carried out its own assessment of Mr W's creditworthiness. WageDay Advance says before loan four, it carried out a full credit check.

I agree with the adjudicator that the checks WageDay Advance did before loans one, two and three were proportionate. That was the beginning of Mr W's borrowing relationship with WageDay Advance. At that stage, WageDay Advance was entitled to rely on the information Mr W gave and, based on that, it appeared that he could repay those loans.

I think WageDay Advance should've done more before loan four. By then, a pattern of borrowing was emerging which suggested that Mr W may be reliant on short-term borrowing. So, I think WageDay Advance should've asked Mr W about his other short-term financial commitments. I can't see that it did that. WageDay Advance says that before loan four, it carried out a full credit check. It hasn't given us the results of that, so I don't know what it showed. It may well have shown some of Mr W's other short-term borrowing but not all of it, particularly the most recent. Based on what I've seen, I don't think WageDay Advance did enough before loan four.

From loan five onwards, I think proportionate checks are likely to have established a much fuller picture of Mr W's financial position. I think proportionate checks here would've meant that WageDay Advance took steps to verify the information Mr W provided about his financial situation. That's because, by then, Mr W's reliance on short-term borrowing was established.

As WageDay Advance doesn't appear to have carried out proportionate and sufficient checks, I can't say for sure what it would've found if it had done so. Mr W has provided us with evidence of his financial circumstances at the time he applied for the loans. So I've been able to get a picture of what his financial circumstances were like. Of course, I accept that this isn't perfect, as different checks show different things. And just because something shows up in the information Mr W has now provided, it doesn't mean that it would've shown up in any checks that WageDay Advance might've carried out. But the information Mr W has provided is the best indication I have of what his financial circumstances were at the relevant time. In the absence of anything else, I think it's reasonable to rely on it.

If WageDay Advance had asked Mr W about his other short-term financial commitments before loan four, I think it would've found that he had debt with other short-term lenders. The debt was such that further borrowing wasn't sustainable, as it would leave him without enough money for financial emergencies.

If WageDay Advance had verified Mr W's financial position before loans five onwards, I think it would've seen that he was spending considerable amounts on gambling which didn't leave him enough to meet his normal monthly living costs. So, further borrowing wasn't sustainable.

Considering everything, I don't think WageDay Advance has shown its checks for loans four to seven were sufficient or proportionate. If it had carried out proportionate checks, I think it would've seen that loans those loans were unaffordable. On balance, I don't think these loans should've been granted.

Overall, I think the adjudicator's proposed resolution of this complaint is fair and reasonable. I agree with the adjudicator's conclusions and don't see any compelling reason to change the proposed outcome in this case.

### **my final decision**

I uphold this complaint. To put things right I require Curo Transatlantic Limited, trading as WageDay Advance:

1. To refund to Mr W all interest and charges he's paid on loans four to seven, plus pay simple interest at the rate of 8% a year\*, from the date each sum was paid until the date of settlement.
2. To write off any unpaid interest and charges on the outstanding loan.
3. To use this refund to reduce the capital owing on the outstanding loan and pay any balance to Mr W.
4. To remove any negative information about loans four to seven from Mr W's credit file.

\* HM Revenue & Customs requires Curo Transatlantic Limited, trading as WageDay Advance to take off tax from this interest. It must give Mr W 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 W to accept or reject my decision before 22 December 2017.

Louise Povey  
**ombudsman**