

complaint

Mr W complains that Amigo Loans Ltd engaged in irresponsible lending to him.

background

Mr W says Amigo shouldn't have made loans to him. He says if it had looked into his finances in more detail it would've seen he was in a lot of debt which spiralled out of control and led to a gambling addiction. And he says if Amigo had looked at his bank statements it would've seen the financial mess he was in.

Mr W also says his bank statements would've shown he had continual missed payments for his various loans and he'd accrued charges as a result. He says his actual outgoings at the time compared to what he was telling Amigo or what it was happy to believe were complete nonsense.

In addition, Mr W says considering he had six loans with Amigo, alarm bells should've been ringing. He says if it had checked his credit rating and his bank statements when it made further loans to him, it would've seen the dire financial mess he was in. So, Mr W says he believes Amigo was irresponsible to continue lending to him. And he wants it to refund all the interest he paid on his loans.

Amigo says it made a total of six loans to Mr W. It says due to how he managed his loans he became eligible for further lending as well as demonstrating his ability to manage and repay finance on time. And it says the loan statements it's given us confirm the situation it's described.

Amigo also says it was Mr W's responsibility to ensure the information he gave it about his financial circumstances was correct. It says it carried out checks to ensure the figures he gave it were reasonable and realistic. And it says Mr W's job and employer remained the same throughout all his loan applications. So, it says it had no concerns that his income figure wasn't correct and its agents were confident this was reasonable and proportionate to his job role.

In addition, Amigo says it appreciates Mr W's situation may have changed. But it says at the time he applied for and was accepted for the six loans he had with it, he met its criteria and reflected that the full monthly payment was affordable for him. It says he managed his loans very well, not only applying for top up loans but also settling many of them earlier than planned, making a saving in interest. So, Amigo says it can't conclude it's lent irresponsibly to Mr W. And it doesn't agree it's fair to refund the interest he's paid on his loan accounts.

Mr W complained to Amigo about this matter. And, being unhappy with its response, he complained to this service.

Our investigator thought Mr W's complaint shouldn't be upheld.

Mr W disagreed with the investigator's conclusions. So, the matter's been referred to me to make a final decision.

my findings

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

I've decided not to uphold Mr W's complaint and I'll explain why.

I see Mr W received his first loan from Amigo in August 2008. It's told us because of how well he managed that loan it offered him a top up loan, which I see Mr W successfully applied for in August 2009. I also see the statements for these two loans don't contain anything suggesting Mr W wasn't able to keep up the monthly payments.

The information I've seen indicates Amigo made further top up loans to Mr W in August 2010 and May 2012. I see the income and expenditure assessment Mr W completed in May 2012 suggests he had a disposable income of around £1,170 per month at the time, suggesting Amigo was reasonable to conclude he could afford the monthly payments of just under £200 per month. And I see income and expenditure assessments were also completed when Mr W applied for his last two top up loans with Amigo in 2014. These assessments, together with the copy wage slip Mr W gave Amigo indicate these two loans would've been affordable to him.

There's no specific list of checks a lender must carry out before deciding to make a loan. And the information I've seen indicates the checks Amigo carried out were appropriate, in the circumstances. I haven't seen anything confirming Mr W had any late payments or missed payments for his accounts with Amigo. And I understand he settled his loans around the end of 2015.

I acknowledge Mr W's experienced problems with gambling since taking out his first loan with Amigo. And I've sympathy for him. But I haven't seen anything to suggest he made Amigo aware of the change in his circumstances. Neither have I seen anything to lead me to conclude Amigo was responsible for this happening. Or that it ought to have considered the loans Mr W applied for were unaffordable to him. So, taking everything into account, I can't conclude Amigo engaged in irresponsible lending to Mr W. And this means I can't uphold his complaint.

my final decision

I don't uphold Mr W's complaint against Amigo Loans Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 1 June 2018.

Robert Collinson
ombudsman