

complaint

Miss A complains that George Banco.com Limited irresponsibly lent to her.

background

In September 2017 Miss A applied for a guarantor loan with George Banco for £2,000. She discussed her application over the phone and during this call George Banco reviewed her credit file, as well as the details she'd completed on her application. Following the call, and on receipt of the agreement from her guarantor, the loan was approved.

In May 2018 Miss A made a complaint to George Banco. She said that she had a significant amount of debt, health issues and a gambling addiction when she took out the loan. She considered the loan was unaffordable and that it was lent to her irresponsibly. She said that if George Banco had done proper checks then it wouldn't have agreed to lend to her.

George Banco didn't uphold her complaint. It said that it had validated her income and employment, checked her credit file – including discussing it with her, and had taken into account her monthly repayments to existing credit alongside the information she gave about her outgoings. It said that these showed the lending was affordable and didn't suggest it needed to look further into her finances. This meant it didn't know about her gambling addiction. So it didn't uphold her complaint.

Miss A disagreed with the outcome so she brought her complaint to our service. Our investigator didn't uphold her complaint as he thought George Banco had done enough to check the loan was affordable and didn't consider it was lent irresponsibly. Miss A disagreed with his outcome. She said that she'd previously had complaints about other types of lending upheld for this time period and that her bank statements would've shown the extent of her financial difficulty and gambling. She asked for the complaint to be reviewed by an ombudsman and provided some further information for review.

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 reviewed Miss A's application for the loan to assess whether George Banco has done enough to check if it was affordable to her when she first applied. I can see she's declared her monthly income as £1,720 and her combined outgoings as £730. George Banco has said that it reviewed Miss A's income, used her rent figure, the repayments from her outstanding credit and then the statistical average for the cost of living (which was a higher figure than she gave) to check her affordability. It said this showed the loan was affordable for her as she had enough disposable income to cover the loan repayments. And it also carried out a credit check.

I think George Banco did enough to check Miss A had available income for the loan, considering it used an increased figure for her outgoings, rather than what she declared and took into account her existing credit commitments – which still left her with a disposable income.

I appreciate Miss A's credit file showed that she had struggled with her finances in the past and she had some accounts where she had fallen behind on payments. But she had

approached a lender which considered applicants that many main-stream lenders wouldn't have. So a lower credit score or some adverse information on her file wouldn't have automatically meant George Banco would reject her application. I've listened to the call she had with George Banco and in that it questions her about her financial situation, in particular some recent payday lending and the affordability for the loan. She sets out that the payday lending was for a family member and confirms it had since been paid off (which it had). So George Banco did also probe further into her finances where potential concerns were highlighted, but she gave a plausible explanation for her situation.

I appreciate Miss A has referenced payday lending complaints she had with us which were upheld for the above time period. But there are different rules that govern this type of lending. And what I have to decide is whether or not George Banco did enough to check the loan it was providing to her was affordable. It's not my role to assess Miss A's detailed financial situation from that time to determine what she could or couldn't afford. I consider the checks George Banco carried out were reasonable in this case. And I can't see that there was anything in Miss A's application or credit file which would've suggested to it that it needed to investigate her finances more thoroughly before agreeing credit. Or that it was acting irresponsibly by agreeing this loan. And while I appreciate Miss A had a gambling addiction, I don't think George Banco ought reasonably to be aware of this, so it couldn't have taken this into account.

Considering the consumer market George Banco lends to and the information available to it, I think it did enough to check the loan was affordable for Miss A when she took it out. I don't think there were indicators in the information it had to suggest it needed to look deeper into her finances, such as getting bank statements like she's suggested. I appreciate what her situation may have been, but I think George Banco carried out proportionate checks to see if the loan was affordable, so I can't say it needed to do more.

my final decision

I don't uphold Miss A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 11 January 2019.

Amy Osborne
ombudsman