

**complaint**

Miss T complains that CURO TRANSATLANTIC LIMITED (trading as Wageday Advance) continued to lend her money without checking her financial circumstances.

**background**

Miss T had 14 loans from Wonga between November 2015 and December 2016:

Loan	Date	Amount	Date Repaid	Amount Repaid	Notes
1	16 Nov 2015	£120	8 Dec 2015	£140.16	
2	8 Dec 2015	£210	5 Jan 2016	£255.36	
3	22 Jan 2016	£80	16 Feb 2016	£95.36	
4	16 Feb 2016	£130	15 Mar 2016	£158.08	
5	15 Mar 2016	£150	12 Apr 2016	£182.40	
6	12 Apr 2016	£100	10 May 2016	£121.60	
7	10 May 2016	£200	7 Jun 2016	£243.20	
8	7 Jun 2016	£210	5 Jul 2016	£255.36	
9	5 Jul 2016	£100	2 Aug 2016	£121.60	
10	6 Aug 2016	£100	13 Sep 2016	£129.60	
11	13 Sep 2016	£210	11 Oct 2016	£255.36	
12	11 Oct 2016	£210	8 Nov 2016	£255.36	
13	08 Nov 2016	£210	7 Dec 2016	£258.79	
14	7 Dec 2016	£200		Defaulted 4 Jan 2017	£354.20 owed

Miss T says these loans were unaffordable to her and, although she provided information about her income and expenditure, Wageday Advance never asked her to verify the data.

Wageday Advance says it was entitled to rely on Miss T's self-declared income and expenditure, but it said it did identify a lending pattern from the ninth loan onwards. It said it offered Miss T an interest free loan and discussed repayment plans with her, but she declined this offer. It added that Miss T never told it she was in financial difficulties, but it has now asked her for information about her financial circumstances so it can come to an arrangement about the outstanding balance.

Our adjudicator recommended the complaint should be upheld in part. He was satisfied Wageday Advance had done enough checks before approving the first three loans, and, based on the information Miss T provided, he accepted it found the repayments affordable. Our adjudicator considered Wageday Advance should have identified a potential pattern of borrowing at the time of the fourth loan and should have asked Miss T whether she had any other short-term loans. However, he found that, even if Wageday Advance had done these further checks, it is likely it would still have considered the fourth loan to be affordable.

By the time Miss T applied for her fifth loan in quick succession, our adjudicator considered Wageday Advance should have carried out a full financial review by, for instance, looking at her bank statements. He said that, had it done so for the fifth and subsequent loans, Wageday Advance would have found Miss T was regularly spending thousands of pounds on gambling transactions and using multiple short-term loan providers. He recommended Wageday Advance should refund all interest and charges on the fifth to the fourteenth loans (plus 8% interest) and remove associated negative information from her credit file.

Wageday Advance did not respond.

## **my findings**

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

Wageday Advance was required to lend responsibly. It should have made checks to make sure Miss T could afford to repay the loans before it lent to her. Those checks needed to be proportionate to things such as the amount Miss T was borrowing, and her lending history. But there was no set list of checks Wageday Advance had to do.

Much like the adjudicator I consider Wageday Advance did enough checks for the first three loans based on her declared income and repayments. I also consider a proportionate check should have included asking Miss T about other short-term loans by the time she applied for her fourth loan in quick succession. However, I accept that, even if Wageday Advance had this information, it had would have had no reason to find the fourth loan unaffordable.

When Miss T applied for her fifth loan, she had borrowed monthly between November 2015 and March 2016 and, generally, she was asking for a new loan the same day she was repaying the previous one. I think Wageday Advance should have considered the possibility that Miss T was becoming reliant on short-term lending at this point and I find a proportionate check would have included a full financial review. Had it done this by, for example, looking at Miss T's bank statements, it would have found a significant number of gambling transactions throughout 2016 and outstanding loans with other short-term lenders. Given the extent of the gambling, I am satisfied that, had Wageday Advance carried out enough checks, it is likely it would have considered further lending to be irresponsible.

In summary, I can't conclude Wageday Advance acted responsibly from loan five onwards.

## **my final decision**

My decision is that I uphold this complaint. CURO TRANSATLANTIC LIMITED (trading as Wageday Advance) should:

- Refund all interest and charges that Miss T paid on loans five to fourteen;
- Pay interest of 8% simple a year on all refunds from the date of payment to the date of settlement\*;
- Write off any unpaid interest and charges for loan 14, apply the refund to reduce any capital outstanding and pay any balance to Miss T;
- Remove any negative information about loans 5 to 14 from Miss T's credit file.

\*HM Revenue & Customs requires Wageday Advance to take off tax from this interest. Wageday Advance must give Miss T a certificate showing how much tax it's taken off if she asks for one. If Wageday Advance intends to apply the refund to reduce any outstanding capital balance, it must do so after deducting the tax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 13 November 2017.

Amanda Williams  
**ombudsman**