

complaint

Miss F says that the loans she applied for were approved by Active Securities Limited, trading as 247Moneybox.com ("Moneybox") without it doing proper affordability checks. It didn't properly assess Miss F's signs of indebtedness and lent her money she couldn't afford to pay back.

background

Moneybox approved 11 loans between February 2016 and October 2017. There is a gap between loans 9 and 10 but all the other loans were virtually sequential within a month or two of each other.

One of our adjudicators thought that Moneybox should put things right for Miss F for Loans 5 to 9 inclusive. Miss F accepted that opinion. As Miss F has not disagreed with the non-uphold opinion for Loans 1 to 4 and 10 and 11 then I do not plan to review them as they are not in dispute now.

Moneybox has not replied. So as the matter remains unresolved it has been passed to me for a decision. But as Moneybox has not responded I do not know the elements with which it may disagree. So I plan to deal with this relatively briefly.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I have taken into account the law, any relevant regulatory rules and good industry practice at the time the loans were offered.

I think the overarching questions I need to consider in deciding what's fair and reasonable in the circumstances of this complaint are:

- Did Moneybox, each time it lent, complete reasonable and proportionate checks to satisfy itself that Miss F would be able to repay in a sustainable way?
 - If not, would those checks have shown that Miss F would have been able to do so.
- Taking into account the short-term purpose of the loans provided, did the overall pattern of lending increase Miss F's indebtedness in a way that was otherwise unsustainable or harmful?
- Did Moneybox act unfairly or unreasonably in some other way?

If I determine that Moneybox did not act fairly and reasonably in its dealings with Miss F and that she has lost out as a result, I will go on to consider what is fair compensation.

Before lending money to a consumer a lender should take proportionate steps to understand whether the consumer will be able to repay what they're borrowing in a sustainable manner without it adversely impacting on their financial situation.

A lender should gather enough information for it to be able to make an informed decision on the lending. Although the guidance and rules themselves didn't set out compulsory checks,

they did list a number of things a lender could take into account before agreeing to lend. The key element was that any checks needed to be proportionate and had to take into account a number of different things, including how much was being lent and when the sum being borrowed was due to be repaid.

Loan 5 was applied for on 20 June 2016 and at this stage of the lending I would have expected Moneybox to have carried out a comprehensive review of Miss F's financial position. I consider this to have been proportionate as this was the fifth loan in sequence since February 2016. What I mean by this is that Moneybox ought to have verified Miss F's income— and her regular financial commitments, regular living costs and outgoings and her liabilities to any other short term lenders (STL). This could have been achieved a number of ways for example by viewing Miss F's bank account statements which were likely to have provided most of this information or by looking at her payslips. I say this because by this point Miss F's pattern of lending suggested that she wasn't using the loans as a short term solution and that it was no longer safe to rely on what she was saying about her finances as her pattern of borrowing suggested difficulty or reliance on this credit.

Moneybox has explained that it asked Miss F for her income and expenditure and it asked her to verify whether she had any other high cost short term lending. But as I have explained above, at this stage I would have expected a full review to have taken place. Reliance on the figures Miss F had given it would not have been enough for the proportionate checks I would have expected at this stage.

So I have looked at the information we have received from Miss F including her bank account statements and her personal credit file to see what Moneybox likely would have found had it made proportionate checks.

For loan 5 Miss F's bank statement shows she was earning £1424 which was broadly what she'd declared in her application. But her total outgoings, including other short term lending exceeded her income and she didn't have any money left to make the repayments on the loan. I think that if Moneybox had done what I consider to be proportionate checks, it would have seen this and wouldn't have given Miss F the loan.

I have reviewed Miss F's bank statements and the careful calculations carried out by our adjudicator for the period covered by loans 6-9 and I can see that Miss F's outgoings and expenditure exceeded her income. In addition if Moneybox had reviewed Miss F's bank statements it would have seen betting and gaming transactions. But even taking the gambling out of the picture for Miss F, the details set out here in relation to Miss F's short term lending and her income and outgoings demonstrate that Miss F could not afford to repay these loans.

For these reasons I uphold Miss F's complaint in relation to loans 5 to 9 inclusive.

putting things right

Because Moneybox should not have given Miss F some of the loans she took, it's not right that Miss F should have to pay interest or charges on these, or have them affect her credit file in a negative way. Moneybox should do as follows:

- refund any interest and charges already paid by Miss F in respect of Loans 5 to 9;

- apply 8% simple interest per year to any interest and charges refunded from the date they were paid to the date of settlement*;
- remove any adverse payment information about the loans and credit account from Miss F's credit file.

*HM Revenue & Customs requires Moneybox to take off tax from this interest and it must give Miss F a certificate showing how much tax it's taken off if she asks for one.

my final decision

My final decision is that I uphold Miss F's complaint in part and I direct that Active Securities Limited do as I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 4 November 2018.

Emma Boothroyd
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