

## **complaint**

Mr N complains that Cash On Go Ltd (trading as Peachy) gave him loans that he couldn't afford to repay. He asks that it refunds interest and charges and removes information about the loans from his credit file. Mr N is represented by a claims management company.

## **background**

Mr N took out four loans with Peachy between April 2014 and December 2014. Mr N's representative said he couldn't afford to borrow any amount of money. He'd been in a debt management plan and had loans from other short term lenders.

The adjudicator didn't recommend that the complaint should be upheld, saying:

- The checks made by Peachy were proportionate for the first two loans. Mr N told Peachy his monthly income was £1,800 and his outgoings were £650. It was reasonable for Peachy to rely on this information when assessing whether the loans were affordable.
- Peachy should have asked for more information about Mr N's expenditure before the third and fourth loans. The highest monthly repayment required was £181. The information Mr N provided to the adjudicator suggested he had monthly living costs and regular financial commitments of about £1,150 per month. This left him with disposable income of £650.
- While Mr N said he had short term commitments of about £1,050 this wasn't supported by his bank statements. Based on the information he had, the adjudicator said it was likely the loans were affordable.

Mr N didn't agree.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Mr N took out the first loan in April 2014. It required a repayment of £251 in May 2014. Mr N told Peachy his monthly income was £1,800 and his monthly expenditure was £650. Mr N took out the second loan in May 2014. The second loan required five monthly repayments, the largest of which was £169.70. I think, given Mr N's income and the amount of the repayments, the checks made by Peachy were proportionate. I think it was reasonable for it to rely on the information Mr N provided and assess the first two loans as affordable.

Mr N took out the third loan in October 2014. This was repayable in two monthly instalments, the largest of which was about £150. In December 2014 Mr N took out the last loan, which required five monthly repayments, the largest being about £180. This loan was extended in early 2015.

The information Peachy had about Mr N's income and expenditure suggested the third and fourth loans were affordable. But Mr N took out the loans shortly after repaying the previous

loan. I think this should have prompted Peachy to ask for more information about his living expenses and regular financial commitments before the third loan. The information Peachy relied on had been provided in April 2014 and I think Peachy should have asked Mr N to update it. Given Mr N's borrowing pattern, I think Peachy should also have asked about his short term commitments before the fourth loan.

Had it done so, I think it's likely Peachy would have assessed the loans as affordable. Mr N provided an estimate of his expenditure and copies of bank statements to support his complaint. I don't think Mr N's living expenses and regular financial commitments were more than he'd told Peachy when he took out the first loan. And while his bank statements show loans from other short term lenders, the amount that appears to be outstanding at the end of December 2014 wouldn't have made repayments for the fourth loan unaffordable.

Mr N's bank statements show signs of financial difficulty. He was making payments to debt recovery agents and to gambling businesses. But I don't think Peachy knew this. I think, if Peachy had made proportionate checks before the third and fourth loans, it would have assessed the loans as affordable.

### **my final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 2 October 2017.

Ruth Stevenson  
**ombudsman**