

## **complaint**

Mr M complains that Western Circle Ltd (trading as Cashfloat) gave him a loan that he couldn't afford to repay.

## **background**

Mr M was given a single loan by Cashfloat in April 2016. He borrowed £400 that was repayable in two, monthly, instalments of £253. Shortly after borrowing the money Mr M told Cashfloat that he was facing financial problems and couldn't meet his repayments. Although he has repaid some of the loan, a balance still remains outstanding.

Mr M's complaint has been assessed by one of our adjudicators. He thought that the checks Cashfloat had done before giving Mr M this loan had been proportionate. And that those checks suggested that Mr M was able to afford to repay the loan. So he didn't think Mr M's complaint should be upheld.

Mr M disagrees with that assessment so has asked, as he is perfectly entitled to, that the complaint be decided by an ombudsman.

## **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 also taken into account the law, any relevant regulatory rules and good industry practice at the time the loan was offered.

Cashfloat was required to lend responsibly. It needed to make checks to see whether Mr M could afford to pay back the loan before it lent to him. Those checks needed to be proportionate to things such as the amount Mr M was borrowing, and his lending history, but there was no set list of checks Cashfloat had to do.

Cashfloat has told us about the checks it did before lending to Mr M. It says that it asked him about his income and expenditure. And then it compared his answers to statistical data, to check what Mr M had said about his living costs to see if it appeared his answers might be too low. And it checked with a credit reference agency for details of any other loans Mr M had recently taken and factored that into its assessment.

I think that the checks Cashfloat did before giving Mr M this loan were sufficient. The repayments that Mr M had to make on the loan were relatively modest compared to the income he declared to Cashfloat. And those repayments were easily covered by the amount of disposable income that Cashfloat calculated he had – even after Mr M's expenditure had been increased as a result of Cashfloat's checks. I think, at this stage of its relationship with Mr M, that it was reasonable for Cashfloat to rely on this information about Mr M's financial situation.

I appreciate that Mr M's financial situation was actually much worse than he told Cashfloat. He was borrowing heavily from a number of other short term lenders. And he was using those loans to pay for what appear to be a significant number of gambling transactions. But this wasn't information that Mr M gave to Cashfloat. And I don't think this was information that, what I consider to be, proportionate checks on this loan would have uncovered. So I don't think it is reasonable to expect Cashfloat to have factored this into its assessment of the affordability of this loan.

I think that Cashfloat carried out proportionate checks before lending to Mr M. And those checks suggested the loan was affordable. I don't think Cashfloat did anything wrong in giving this loan to Mr M.

Cashfloat has said that Mr M still has an outstanding balance on his loan. I'd encourage Mr M to get in touch with Cashfloat to discuss how he might repay this money. And I'd remind Cashfloat of the need to continue to treat Mr M positively and sympathetically in these discussions.

**my final decision**

For the reasons given above, I don't uphold the complaint or make any award against Western Circle Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 29 January 2018.

Paul Reilly  
**ombudsman**