

complaint

Mr W complains that CURO TRANSATLANTIC LIMITED trading as WageDayAdvance (“WDA”) gave him loans that were unaffordable.

background

Between 2015 and 2017 Mr W borrowed nine loans from WDA, as follows:

Loan No	Amount	Date lent	Date repaid
1	£150	7.12.15	11.1.16
2	£120	28.3.16	11.5.16
3	£90	19.5.16	13.6.16
4	£100	29.6.16	15.8.16
5	£200	18.8.16	12.9.16
6	£230	12.9.16	11.10.16
7	£200	14.10.16	13.3.17
8	£300	20.3.17	20.6.17
9	£520	22.6.17	Outstanding

Loans 1-6 inclusive were payday loans, each with a single repayment, and loans 7-9 inclusive were instalment loans. Each of the loans has been repaid, with the exception of loan 9 which has an outstanding balance remaining.

Mr W complains that the loans were unaffordable to him and that his financial history at the time showed that he was not creditworthy. He suggests that WDA didn't carry out appropriate affordability checks.

WDA contends that it did undertake adequate checks and was satisfied that the loans were affordable. However, having re-considered its files following Mr W's complaint, it has acknowledged that its checks for loan four were not sufficient and so it's offered compensation in that regard. Mr W hasn't accepted this.

Our adjudicator felt that WDA's checks for loans one to three inclusive were appropriate, but that those carried out in relation to loans four to nine inclusive didn't go far enough. However, she didn't consider that she'd been provided with enough information by Mr W to be able to properly assess whether better checks by the lender might've resulted in it making any different lending decisions. Because of this she didn't feel able to recommend that the complaint be upheld.

Mr W didn't agree with our adjudicator's finding and indicated an intention to provide additional supporting evidence. Unfortunately that hasn't been forthcoming.

Because both parties don't agree the complaint has been passed to me for a decision.

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 loans were offered.

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

WDA has shown us that, before each loan, it asked Mr W for details of his income and expenditure. It also carried out checks with credit reference agencies (although I haven't seen the results of these).

loans one to three

For each of these loans Mr W declared his monthly income to be £1,250 and his expenses to be £700. This suggested he had disposable income of £550 per month from which to repay WDA's loans.

I think that, given the level of disposable income that Mr W had declared and that this was the beginning of the relationship between him and WDA, the lender was entitled to rely upon the information that it'd been given. I think the checks WDA undertook were proportionate in the circumstances and I wouldn't have expected it to carry out any more comprehensive checks at this stage.

As I think these loans would've appeared affordable, I don't think WDA was wrong to provide them.

loan four

I haven't considered this loan as WDA has already acknowledged its checks didn't go far enough.

loans five to nine

For these loans Mr W declared his net monthly income to be £1,570 and reported his expenditure as being between £755 and £850 per month. Whilst these loans may have appeared affordable against the levels of disposable income implied by Mr W's applications I think that, by this time, WDA should've been asking more questions of him.

By the time of loan five, Mr W had been borrowing from WDA almost constantly across a period of five months. And the amounts borrowed were beginning to increase. I think that, against this background, WDA should've been considering if Mr W was using these short term loans in the manner for which they were intended, i.e., to provide assistance in covering short term cash flow issues. I think it ought to have questioned whether he was becoming dependent upon short term borrowing.

In these circumstances I think that WDA should've sought to get a comprehensive understanding of Mr W's financial situation. There are a number of ways in which it could've done this, including asking for copies of his payslips or bills, or for sight of his bank statements. I can't see that it did this and so I don't think that its checks went far enough.

Having concluded that WDA's checks weren't proportionate for loans five to nine, it's then necessary for me to assess whether or not carrying out better checks would most likely have shown it that its proposed lending wasn't affordable.

To do this I need evidence of Mr W's financial circumstances at the time – perhaps via the information detailed above such as payslips, bills, bank statements, or credit reports. Unfortunately, despite having asked for such information on a number of occasions, and agreeing to various extensions of time deadlines to provide the information, I regret that we haven't been given anything that would enable a reasonable assessment of Mr W's finances.

In summary:

- I think that WDA's checks for loans one to three were proportionate and so I won't be asking it to do anything more in regard to them;
- WDA has already agreed to uphold Mr W's complaint in relation to loan four and so it should reiterate its offer of settlement to Mr W;
- whilst I don't believe that WDA's checks went far enough for loans five to nine, I'm unable to conclude whether or not it would've seen the loans as unaffordable if it'd carried out the better checks that I consider proportionate.

I'm sure it'll be a disappointment to Mr W but, in all of these circumstances, I'm not able to uphold his complaint.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 18 March 2019.

Richard France
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