

## complaint

Mr F complains that Uncle Buck Finance LLP was irresponsible to lend to him as it failed to carry out appropriate checks before doing so.

## background

Mr F had three instalment loans from Uncle Buck between December 2016 and July 2017:

<u>Loan</u>	<u>Date</u>	<u>Amount</u>	<u>Term</u>	<u>Payment</u>	<u>Due</u>	<u>Status</u>
1	1 Dec 2016	£350	3m	£176.23	28 Feb 2017	Repaid 10 Jan 2017
2	16 May 2017	£425	3m	£203.84	7 Aug 2017	Withdrew 19 May 2017
3	17 Jul 2017	£425	3m	£188.34	29 Sep 2017	2 instalments paid

Mr F says Uncle Buck was irresponsible to approve the loans as, if it had done better checks, it would have found he had a serious gambling problem. He added that his credit file would have shown clear signs of financial distress and his borrowing history indicated he may have been using the credit as a longer term solution.

Uncle Buck says it asked Mr F for his income and expenditure and verified his employment status. It says it was satisfied that the loans were affordable based on his disposable income and actually approved less than the application amounts for both loans 2 and 3. Uncle Buck confirmed it looked at Mr F's credit history but found no reason to decline the above loan applications, although it did decline others. It said that whilst it acknowledges Mr F had a gambling problem at the time, it considers the loans were funding a lifestyle choice rather than relying on them as a result of financial difficulty.

Our adjudicator did not recommend the complaint should be upheld. He was satisfied that Uncle Buck had carried out enough checks before approving each of the loans and found it reasonable that it considered them affordable.

Mr F responded to say, in summary, that three loans in seven months should have indicated he was becoming reliant on short-term borrowing. He adds that a credit check should have shown multiple late payments, loan accounts and credit cards, of which at least one was at its limit. Mr F says a simple request to see a bank statement would have shown the extent of his financial distress at the time.

## my findings

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

Uncle Buck was required to lend responsibly. It should have made checks to make sure Mr F could afford to repay the loans before it lent to him. Those checks needed to be proportionate to things such as the amount Mr F was borrowing, and his lending history. But there was no set list of checks Uncle Buck had to do.

When Mr F applied for each of the loans he declared his monthly income to be £866. Uncle Buck verified this and his employment status. Mr F also said his expenditure was between £324 and £400 each month giving him a disposable income of between £466 and £542. As the monthly repayments in each case were £200 or less, I'm satisfied Uncle Buck would have found them to be affordable based on the information it had.

I've considered whether Uncle Buck's checks went far enough and I'm satisfied they did. I say that because the repayments were a small proportion of Mr F's income and there was nothing in his borrowing history to suggest he was in financial difficulties. I have also seen the results of the credit checks carried out by Uncle Buck and I can't conclude they indicated a need for further information.

I accept Mr F says that three loans in seven months should have indicated a potential reliance on short-term lending, but I can't agree Uncle Buck should have carried out further checks on that basis. Mr F repaid loans 1 and 2 early and, although I acknowledge there is still a balance outstanding on loan 3 I can't say there was an indication of financial distress at the time of any of the loan applications, based on Mr F's borrowing history. There were gaps of two months or more between each of Mr F's loan applications, so I can't fairly say that Uncle Buck should have been concerned about a reliance on its loans, or that they were being used as a longer-term solution.

I also acknowledge that Mr F had a gambling problem which would have been apparent had Uncle Buck looked at his bank statements. However, there is no obligation for short-term loan providers to request bank statements from its customers and, in this case, I'm satisfied a full financial review was not necessary as part of a proportionate check before approving any of the loans.

### **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 F to accept or reject my decision before 2 August 2018.

Amanda Williams  
**ombudsman**