

## **complaint**

Mr B says MEM Consumer Finance Limited, trading as Payday UK, lent to him irresponsibly.

## **background**

Mr B had eight loans with Payday UK between March 2013 and March 2017. (I note our adjudicator said 'around nine loans' – but one of the 'loans' was in fact a deferral.) It's important to note the eighth loan commenced around three years after the seventh loan ended. The loans were all for £100, except for the second loan which was for £210.

An adjudicator considered this complaint and didn't recommend it be upheld.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. We've set out our general approach to complaints about short-term lending - including all of the relevant rules, guidance and good industry practice - on our website.

Payday UK needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mr B could repay the loans in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure. With this in mind, in the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate.

There may also come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable. But I don't think this point arose in Mr B's case. There were essentially two chains of lending here; from March 2013 to April 2014, during which time Mr B took out seven loans and then from March 2017, when Mr B took his eighth and final loan. The amounts he borrowed, with one exception, didn't increase and he didn't demonstrate any clear repayment difficulties. So I consider it's appropriate to look at each loan individually and look at whether Payday UK carried out proportionate checks.

With this said, I think there are times when Payday UK could've done more to check whether some of the loans were affordable. Although I don't think the pattern of lending is enough in itself to demonstrate the loans were not affordable, Mr B did take out seven loans in the space of a year – and so I think at some point it's reasonable to say Payday UK needed to do more to check what Mr B was saying about his income and expenditure.

But Mr B hasn't provided any clear information or supporting evidence about his income and expenditure at the time. Without this, I'm unable to say whether better checks would've made a difference. And so it wouldn't be fair to uphold this complaint against Payday UK.

I note that Mr B says he had "thousands" of payday loans – but I've seen no evidence of this.

Having considered everything both parties have said, I'm not upholding Mr B's complaint.

## **my final decision**

I do not uphold this complaint against MEM Consumer Finance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 21 June 2019.

Matthew Bradford  
**ombudsman**