

## **complaint**

Mr B complains that Wage Day Advance Limited (WDA) didn't properly consider his financial circumstances and lent him money that he couldn't afford to pay back.

## **background**

Mr B explains that he took out a number of payday loans with WDA between June 2012 and November 2013. He says that properly affordability and credit checks weren't done and if they had been WDA would have seen that he was reliant on payday lending. He says that WDA shouldn't have lent him the money. WDA said that it carried out proportionate checks and relied on what Mr B told it about his income and outgoings. Mr B was late repaying his ninth loan and WDA agreed that it should have asked for more information at this point. It agreed to refund all interest and charges after this loan and remove these loans from Mr B's credit file.

Our adjudicator thought that this was fair and reasonable in the circumstances and didn't think that WDA should do any more. He looked very carefully at all of the paperwork and considered that WDA had asked for enough information and relied on what Mr B told it about his financial commitments. Mr B didn't tell WDA he was struggling and didn't include his repayments to other lenders. Mr B didn't agree and said that the number of payday loans he had was unaffordable and more robust checking should've been done which would have revealed he was reliant on this type of credit.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I agree with the conclusions of the adjudicator for broadly the same reasons.

I have reviewed all of the paperwork that was completed by Mr B. I can see that he applied on the 22 June 2012 for a loan of £150 to be repaid on 22 July 2012. Mr B declared that his income was £2000 and his outgoings were £650. This would suggest that the loan was affordable.

The loan was repaid in full and on time. Over the coming months Mr B took out nine further loans with WDA. These were all repaid in full and on time. On 28 March 2013 Mr B failed to repay a loan of £300 on time and default charges were added. WDA gave Mr B two further loans after this. The final loan was not repaid and sold on to a third party to collect the debt.

The number of payday loans taken out by Mr B over the years might suggest that he was having difficulty meeting his monthly commitments without relying on credit. But WDA asked Mr B about his outgoings and his credit commitments. The information provided didn't suggest that Mr B would be unable to afford his repayments and showed a significant level of disposable income. I don't think that WDA acted incorrectly or unfairly by deciding to lend to Mr B the first nine loans on the basis of the information he had given them especially taking into account his repayment history, income and expenditure figures and given the amount of money involved. Looking at the paperwork, WDA did assess whether the lending was affordable and there was nothing in Mr B's circumstances that would suggest that he wouldn't be able to pay the money back. Mr B didn't tell WDA that he was having problems paying his debts or include the other payday lending in his outgoings.

But by the time Mr B was late repaying his loan I think that this should've prompted WDA to ask more questions about Mr B's ability to meet his credit commitments. I think that this was the point that it would have been reasonable to expect WDA to have done more checking and not rely on what Mr B was saying. WDA should've asked Mr B why he needed to borrow so often and it should've realised by this time that Mr B may have been reliant on payday credit to meet his everyday expenses. I think that WDA shouldn't have lent any more money to Mr B without more robust checking.

Mr B has had the benefit of the money and so I think it is right that he pays it back. I think that WDA has treated Mr B fairly by refunding all interest and charges from the tenth loan onwards and removing this information from his credit file so I can't ask it to do any more.

### **my final decision**

My final decision is that I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 11 April 2016.

Emma Boothroyd  
**ombudsman**