

complaint

Mr I took out loans with Wage Day Advance Limited ('Wage Day'). He's complained to us because he doesn't think Wage Day did enough to check he could afford to pay them back.

background

Mr I took out his first loan with Wage Day, in March 2013. He then took out five further loans between then and July 2014. The last was a different type of loan product, called a flex loan. All these loans have now been paid off, the last loan being cleared in January 2015.

When he applied for his loan with Wage Day, Mr I gave details of his income and outgoings so that Wage Day could see if he could afford to pay the loan. But Mr I didn't mention that he also had a large number of other loans he was already paying. He says this meant he didn't have enough monthly income to meet all his loans. He also says that Wage Day didn't make it clear how much he'd have to pay back, with interest, if he only made minimum repayments. He also says that Wage Day pressured him to extend the loans and only to make minimum repayments.

Wage Day says it agreed to lend Mr I up to £600 because it hadn't seen anything to suggest that Mr I couldn't pay back the loans. And in responding to Mr I's complaint, it's said that there's no requirement for it check if Mr I had other loans at the time.

Although Mr I paid back all his loans in full – with family assistance - he feels that Wage Day was wrong to allow him to borrow the money. He says he was suffering from financial hardship due to his having a problem with gambling. He didn't tell Wage Day about this so that he could get the loans.

Mr I would like Wage Day to give him a refund of all the interest he paid on all his the loans.

Our adjudicator looked closely at Mr I's complaint but didn't think that Wage Day had done anything wrong in the way it had lent Mr I the money. Mr I disagrees and so his complaint has been passed to me.

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 looked at all the available paperwork. This includes Mr I's online applications for the loans. In the application, Mr I told Wage Day that he had a monthly income of £1,812 and monthly outgoings of £800. This suggested that he had a monthly disposable income of £1,012. Wage Day says it used this information in deciding whether to lend to Mr I. It also carried out its own checks based on what Mr I had told him about his job, his income and his outgoings. From this, Wage Day was satisfied about the information Mr I had given him and decided that it was okay to lend him sums of up to £600 for the five pay day loans and £465 for the flex loan.

In responding to Mr I's complaint, Wage Day has also pointed out that it's not required to carry out additional checks, such as going to credit reference agencies, to make sure that its customers can afford to pay back their loans. That's correct but it's worth saying that on a loan of this amount I would generally expect them to. However, having had the opportunity to

review a copy of Mr I's credit file, I don't think that them not carrying out those checks has had an impact on this case.

I've also seen that in both the credit agreements it made with Mr I, Wage Day says that it expects its customers not to try to borrow from them if they know there's something that would make it difficult for them to pay back the loans.

Although I know that Mr I managed to pay off all his loans, I've looked at all the loan details that Wage Day's given us. Taking all of this into account, including the credit agreements, I think Wage Day gave Mr I enough information about the loans so that he knew how much he'd have to pay back, including their charges and interest. And based on what Mr I told Wage Day, I haven't seen anything that would make it think that he wouldn't be able to pay back the loans.

Overall, having looked carefully at Mr I's complaint, I don't think Wage Day did anything wrong in making the loans to Mr I and so I don't think it needs to pay him back any interest.

I realise that my decision will come as a disappointment to Mr I.

my final decision

For the reasons I've given above, I don't think Wage Day Advance Limited needs to pay Mr I back any interest or pay him any other compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 25 September 2015.

Michael Goldberg
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