

complaint

Mr M complains that Uncle Buck Finance LLP lent him money he couldn't afford to repay.

background

Mr M took out one loan with Uncle Buck in October 2013 for £250. He rolled the loan over at the end of October 2013.

Mr M says Uncle Buck was irresponsible to agree to lend to him. He wants it to give him a full refund of interest and charges and remove any negative information about the loan from his credit file.

The adjudicator didn't recommend that Mr M's complaint be upheld. Although he thought Uncle Buck should've asked more questions than it did, the adjudicator thought that even with better checks, the loan would've still appeared affordable.

Mr M isn't happy with the adjudicator's recommendation so his complaint has come to me for a final 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.

Uncle Buck was required to make sure Mr M could repay any money that it lent to him. Any checks had to be proportionate to things such as the amount of the loan, the repayments and any borrowing history. But there wasn't a set list of checks it had to carry out.

The loan repayment was just over £337 and Mr M declared his net monthly income to be about £1,400. As the repayment represented almost a quarter of his income, I think Uncle Buck should've carried out more checks to make sure Mr M could afford the loan.

I think a proportionate check would've included asking about Mr M's living costs and regular financial commitments. Although Uncle Buck says it did this, it isn't able to give me the results due to a change in system.

Just because I don't think it carried out proportionate checks, doesn't necessarily mean that I must go on to uphold this complaint. I'd need to be persuaded that with better checks, Uncle Buck would've realised that Mr M couldn't sustainably afford to repay the loan.

Although I wouldn't have expected Uncle Buck to go as far as independently verifying Mr M's outgoings, I've used the statements that he's given us to decide what it's likely he would've said at the time.

Mr M appears to have had about £890 of living costs and regular financial commitments. This would've left him with more than £500 of disposable income. If Uncle Buck had known this, I still think it would've considered the repayment of £337 to be affordable. So I can't say that better checks would've made a difference to the decision to lend.

I appreciate that Mr M's true financial situation was worse due to the amount he was spending online gambling. But for the reasons outlined above, I wouldn't have expected proportionate checks to have revealed this.

I'm sorry to disappoint Mr M but I don't require Uncle Buck to pay any compensation or remove any negative information about the loan from his credit file.

my final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 27 July 2018.

Gemma Bowen
ombudsman