

complaint

Mrs H complains that Lend Fair Ltd was irresponsible in granting her a loan.

background

Mrs H took out a guarantor loan in August 2016 for £4,000 repayable over 39 months at £184.39 a month. In the summer of 2018 Mrs H complained to Lend Fair. It rejected her complaint and so the matter was brought to this service.

The complaint was considered by one of our investigators who didn't recommend it be upheld. Mrs H said that the business didn't carry out suitable checks and didn't ask for bank statements or carry out a detailed check of her outgoings. She said she had a gambling problem which would have shown up on her bank statements.

The investigator noted that the business had undertaken a detailed income and expenditure assessment by phone. It also asked for a payslip which allowed it to verify Mrs H's income and identity by checking her national insurance number and bank account details. She listened to the call in which the income and expenditure was covered and noted Mrs H had mentioned two County Court Judgements. This resulted in the type of loan being altered.

She also said the payslip supplied by Mrs H showed she had a larger income than she had declared. She concluded that Lend Fair had carried out reasonable and proportionate checks and had no reason to suspect that Mrs H had a gambling problem.

Mrs H didn't agree and said that Lend Fair had made other errors. These included the fact that she gave two different reasons why she was borrowing the money. She didn't think her expenditure had been fully explored and the business had accepted her husband paid half the bills, and her credit file hadn't been checked. She also said she hadn't been told of the revised interest and repayment regime. Overall she felt Lend Fair had made a number of errors.

The investigator addressed the points Mrs H had made and said that there wasn't a specific list of mandatory checks which the business had to carry out. The question was whether it had carried out checks which were proportionate. She thought it had. Mrs H didn't agree. The business agreed and pointed out that a credit check had been carried out on the guarantor albeit this had no bearing on the investigator's 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.

I have listened to the calls between Mrs H and the business and it is clear she was happy to borrow the money and that the repayments were affordable. She didn't mention she had a gambling problem. I would add that I have considered all the arguments put forward by Mrs H, but my decision concentrates on those I consider central to her complaint.

As the investigator has pointed out the business doesn't have to carry out specific checks. To some extent it relied on what Mrs H said, but it did check the key elements of her application. Her income was verified by the payslip and it relied on Mrs H's verbal declaration of her outgoings. It accepted that half of the household outgoings were covered

by Mrs H's husband – that is not unreasonable. I appreciate Mrs H feels she wasn't asked about some expenditure, but having listened to the call I consider the list of questions was fairly extensive.

It is unfortunate that when she is told didn't qualify for the loan she was seeking due to her CCJs that the call handler didn't pick up she gave a different reason for the loan. However, I don't think that means the business made a significant error in not picking her up on this. It is clear the call handler was seeking to help Mr H who was concerned about the delay in the loan arriving.

In that call Mrs H also asked about increasing the loan and the call handler shows a degree of caution and asks Mrs H if she would be comfortable with the increased costs even though her recorded disposable income was sufficient.

My view is that Lend Fair is in the business of providing loans to people with a poor credit history and it says it does so to help them restore their creditworthiness. Mrs H met its criteria and I think the checks it carried out were proportionate. It is unfortunate that it didn't discover her gambling problem, but I do not believe I can uphold the complaint on that alone.

my final decision

My final decision is that I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 22 March 2019.

Ivor Graham
ombudsman