

**complaint**

Mr B complains that PDL Finance Limited, trading as Mr Lender, gave him loans that he couldn't afford to repay.

**background**

Mr B took out eight loans with Mr Lender between March and October 2014, as follows:

loan number	date taken	amount borrowed	date repaid
1	12 March 2014	£300	14 March 2014
2	19 March 2014	£200	9 April 2014
3	10 April 2014	£250	7 May 2014
4	9 May 2014	£250	27 May 2014
5	19 June 2014	£200	30 July 2014
6	4 August 2014	£100	24 September 2014
7	13 October 2014	£130	22 October 2014
8	25 October 2014	£200	6 May 2015

Mr B feels that Mr Lender was irresponsible to lend to him because he took out a lot of loans in a very short space of time and his credit report showed defaults and late payments. He doesn't think Mr Lender carried out proper checks. If it had done so, he says it would have seen that the loans were contributing to financial hardship and a gambling addiction.

Our adjudicator thought Mr Lender had carried out enough checks for the first two loans but it hadn't done enough for the other six before it agreed to lend to Mr B. If it had done so, he thought Mr Lender wouldn't have agreed to provide Mr B with loans three to eight. He asked it to refund interest and charges for these six loans and to pay interest on the refunded amount. He said it should also remove any adverse information about them from Mr B's credit file.

Mr Lender disagreed. In summary, it said that it had done more checks and, in particular, had carried out expenditure assessments before agreeing to lend to Mr B.

**my provisional findings**

After considering all the evidence, I issued a provisional decision on this complaint to Mr B and to Mr Lender on 11 March 2019. I summarise my findings:

- Mr Lender was required to lend responsibly. It needed to make checks to see whether Mr B could afford to pay back each loan before it lent to him. Those checks needed to be proportionate to things such as the amount Mr B was borrowing and his lending history, but there was no set list of checks Mr Lender had to do.
- Mr Lender has told us that it asked Mr B about his income and expenditure each time he requested a loan. It also carried out identity and credit checks. The results of its credit checks didn't show any problems with Mr B's finances such as an IVA or bankruptcy.

- For the first two loans, Mr Lender has recorded Mr B's monthly income as £1,560 and it assessed his disposable income as more than £1,000. Given the size of these loans I didn't think Mr Lender was wrong to provide the loans.
- Mr B asked to borrow for a third time just one day after repaying loan two. I thought this should have prompted Mr Lender to increase its checks by asking Mr B about any other short term lending he might have. But even if it had done this I didn't think Mr B had any at that time so I considered Mr Lender would still have concluded the loan was affordable.
- By the time Mr B asked for the fourth loan he had other short term loans of more than £1,000 so I found that the loan repayment wasn't affordable.
- When he asked for the fifth loan, I think Mr Lender should have been concerned that Mr B was becoming reliant on short term lending and it should have carried out better checks and verified Mr B's true financial position, perhaps by looking at his bank statements. If it had done so, it would have seen that Mr B's financial situation was broadly the same as for loan four but he was also spending a substantial amount on gambling transactions. I didn't think he could afford loan five.
- Mr B asked to borrow far smaller amounts for loans six and seven. His bank statements showed that he had a disposable income of around £450 and given the maximum repayment was £150 I didn't think Mr Lender was wrong to lend. Mr B's bank statements didn't show a high level of gambling when these loans were taken.
- Mr B asked for loan eight just three days after repaying the previous loan. His repayment for this loan was £260. Although his disposable income was still around £450 given the level of gambling transactions, which Mr Lender would have seen if it had verified Mr B's financial position, it would have seen he couldn't afford to make the repayment.

Subject to any further representations from Mr B or Mr Lender, my provisional decision was that I thought it was wrong for Mr Lender to conclude that loans four, five and eight were affordable and to lend to Mr B.

Mr B disagreed with my provisional decision. He said, in summary, that he told Mr Lender that he had difficulty working out his monthly outgoings and it said that it would verify his details. He also thought that if Mr Lender had seen his bank statements it would have realised the amount he was spending on gambling and seen that it was irresponsible to lend to him.

Mr Lender had nothing to add to my 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 understand Mr B's concern about whether loans three, six and seven were affordable. He suggests that if Mr Lender had looked at his bank statement before it provided the third loan it would have seen the level of his financial difficulty. But even though I thought Mr Lender should have asked Mr B about other short term lending it wasn't required to review his bank statements. I have looked at Mr B's statements to check about other short term lending and I

didn't consider Mr B had any at that time so I don't think it was wrong for Mr Lender to conclude loan three was affordable.

I'm satisfied, from a review of Mr B's bank statements from the time that he took loans six and seven, that he was left with around £450 of disposable income from which to meet the monthly loan repayments of almost £150. I didn't find that he had spent a substantial amount on gambling at the time these two loans were provided, so I'm not persuaded that they weren't affordable at the time and I can't safely conclude that Mr Lender was wrong to provide them.

### **putting things right**

I don't think Mr Lender should have agreed to lend to Mr B for the loans that he took on 9 May, 19 June and 25 October 2014 (loans four, five and eight in the table above). So for each of those loans it should:

- refund any interest and charges applied to these loans
- add simple interest at a rate of 8% per annum to each of these amounts from the date they were paid to the date of settlement\*
- remove any adverse information recorded on Mr B's credit file in relation to these loans

\* HM Revenue & Customs requires Mr Lender to take off tax from this interest. Mr Lender must give Mr B a certificate showing how much tax it's taken off if he asks for one.

### **my final decision**

My final decision is that I uphold this complaint in part. I require PDL Finance Limited to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 15 May 2019.

Karen Wharton  
**ombudsman**