

## complaint

Miss A complains that PDL Finance Limited (trading as Mr Lender) was irresponsible to lend to her.

## background

Miss A had five loans from Mr Lender between January 2017 and September 2017 as follows:

Loan	Date	Amount	Term	Due	Repayment*	Repaid
1	26 Jan 2017	£300	3m	21 Apr 2017	£162.40	Ext, 19 May 2017
2	21 May 2017	£500	6m	21 Nov 2017	£207.33	Canc 1 Jun 2017
3	6 Jun 2017	£400	6m	21 Nov 2017	£144.66	Extended, repaid early, 5 Aug 2017
4	1 Sep 2017	£500	6m	21 Feb 2018	£180.00	22 Sep 2017
5	26 Sep 2017	£1,000	6m	21 Mar 2018	£380.00	Repayment plan, paid 5 Nov 2017

\* Maximum monthly repayment over the term of the loan

Miss A says she doesn't believe Mr Lender carried out proper affordability checks. She says if it had done so, it would have seen she had a severe gambling addiction and was in a debt spiral.

Mr Lender says it carried out affordability and credit checks at the time of each application. It says there was nothing in Miss A's credit file that indicated she was struggling financially. It also says the information provided by Miss A about her income and expenditure showed she had sufficient disposable income to make the repayments.

Mr Lender says Miss A paid interest only for one of the instalments of loan 1, thereby extending the term by one month. She then settled this loan on time. It says she also did the same for loan 3, but then settled the loan early. Following the early settlement of loan 4, Miss A told Mr Lender she couldn't make the first repayment on loan 5. Mr Lender agreed a repayment plan for the loan, but Miss A then settled it early.

Our adjudicator recommended the complaint should be upheld in part. He wasn't satisfied that Mr Lender's checks went far enough for loans 3, 4 and 5 and found that had it done better checks, it's likely Mr Lender would have found loans 4 and 5 to be unaffordable. He recommended that Mr Lender should refund interest and charges on loans 4 and 5 (plus 8% statutory interest) and remove any associated negative information from Miss A's credit record.

Mr Lender offered to settle loan 5 in line with the adjudicator's recommendation, but disagreed about loan 4. It said it had asked Miss A about her other short-term loans at the time of this loan and the credit check showed no evidence of any additional short-term lending.

Miss A did not accept this offer.

## **my provisional findings**

I issued a provisional decision to Mr Lender and to Miss A on 9 August 2019. I summarise my findings here:

- I found that Mr Lender had carried out proportionate checks for loans 1, 2 and 3 and that, based on the available information, it did nothing wrong by approving the loans;
- By loan 4, I thought Miss A's borrowing pattern should have indicated to Mr Lender that she may be in financial difficulty so it needed to do more thorough checks;
- I considered Mr Lender should have asked Miss A whether she had any other short-term loans at this stage;
- Mr Lender provided a call transcript to show it asked Miss A questions about short-term loans. Although I didn't find these questions were specific enough, it also provided evidence that the documentation asked for a figure for "*Other loans, including short-term loans*";
- Miss A declared the two short-term loans she had in response to the information request, and I was satisfied the credit check didn't show any other short-term loans;
- So I found there was nothing in the information provided, or the information of which Mr Lender should have been aware, which indicated loan 4 was unaffordable;
- Mr Lender agreed with the adjudicator's recommendation for loan 5, so I didn't consider it further.

My provisional decision was that Mr Lender should refund interest and charges on loan 5 (+8% statutory interest) and remove negative information about it from Miss A's credit file.

Mr Lender accepted the provisional decision, but Miss A did not respond to it.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As neither party provided any additional information, I see no reason to depart from my provisional decision.

## **my final decision**

My decision is that I uphold this complaint in part. PDL Finance Limited (trading as Mr Lender) should do the following, as it has offered to do:

- Refund all interest and charges that Miss A paid on loan 5;
- Pay interest of 8% simple a year on all refunds from payment date to settlement date\*;
- Remove any negative information about loan 5 from Miss A's credit file.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 17 October 2019.

Amanda Williams  
**ombudsman**