

complaint

Ms S complains that My Finance Club Limited (trading as Monkey Dosh) lent her money that she couldn't afford to repay. She wants Monkey Dosh to refund any interest and charges she's paid and pay compensation.

Ms S is represented in this complaint by a claims management company.

background

Ms S took out two loans with Monkey Dosh in January 2012. She rolled the second loan over twice.

Ms S says that although she had little disposable income, Monkey Dosh continued to lend to her without assessing whether the loans were affordable.

The adjudicator didn't recommend that Ms S's complaint be upheld. Although she didn't think the lender's checks for loan two went far enough, she thought that even if it had done more, Monkey Dosh would've still agreed to lend.

Ms S doesn't agree with the adjudicator's recommendation. She believes that Monkey Dosh should've realised that she was dependant on payday loans as she took out the second loan to repay the first.

my findings

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

Monkey Dosh was required to lend responsibly. It needed to make checks to see whether Ms S could afford to pay back each loan before it lent to her. Those checks needed to be proportionate to things such as the amount Ms S was borrowing, the length of the agreements and her borrowing history. But there was no set list of checks Monkey Dosh had to do.

loan one

This was Ms S's first loan and she borrowed £150. Monkey Dosh recorded her net monthly income to be £2,000 and it carried out a credit check.

The loan repayment of about £188 was a relatively small proportion of Ms S's declared monthly income. So I think it was reasonable of Monkey Dosh to rely on the information she gave about her income. And based on this, it looked as though Ms S could afford to repay the loan.

Monkey Dosh hasn't provided the results of the credit search it says it carried out. But I've looked at Ms S's credit file. Although there is evidence of some defaults, the first of these was applied in mid-January 2012 – before she asked for loan one. So I can't say that Monkey Dosh should've been reasonably aware of anything which ought to have prompted it to refuse to lend.

loan two

Ms S took out her second loan six days after repaying the first. She borrowed more this time – £250. I think at this stage a proportionate check would've included asking about her living costs and regular credit commitments.

I don't have enough evidence to suggest that Monkey Dosh asked for this information. So I've looked at Ms S's bank statements, and what she's told us about her financial situation, to see what better checks would have shown Monkey Dosh.

Although Ms S says she had monthly outgoings of about £1,500, this isn't reflected in her bank statements. I can identify just over £800 of living costs including her mortgage, utilities, mobile phone and insurance. Even if I factor in some food and travel costs, then based on Ms S's declared monthly salary of £2,000, she would've been left with more than enough disposable income to afford to repay loan two.

I don't have the results of Monkey Dosh's credit search so I've again considered Ms S's own credit report. I can see one default in January 2012 that was applied about 10 days before she asked for loan two. As it can take a few weeks for a credit file to be updated, it's likely Monkey Dosh's own credit search wouldn't have shown this default. So I can't say that it should've been prompted to carry out a more thorough check than I've outlined above.

Ms S was repaying at least one other payday lender around the same time and she was also gambling. But I don't think a proportionate check would've revealed this. It follows that I don't require Monkey Dosh to pay any compensation or amend Ms S's credit file. I'm sorry that my decision is likely to come as a disappointment.

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 Ms S to accept or reject my decision before 11 May 2018.

Gemma Bowen
ombudsman