

complaint

Mr F complains that Curo transatlantic limited (trading as Wage Day Advance) gave him loans that he couldn't afford to repay. He asks that it refunds interest and charges and removes information about the loans from his credit file. Mr F is represented by a claim management business.

background

Mr F took out four loans with Wage Day Advance between August 2013 and February 2014. His representative says Wage Day Advance didn't make necessary checks and Mr F was unable to meet his everyday expenses.

The adjudicator didn't recommend that the complaint should be upheld. She said Wage Day Advance did proportionate checks before offering the first three loans. The information it received suggested the loans were affordable. Wage Day Advance should have asked more about Mr F's living costs, regular outgoings and short term commitments before offering the fourth loan. But had it done so it's likely the information it received would have suggested the loan repayments were affordable.

Mr F didn't agree. His representative said Mr F made payments of more than £600 to short term lenders within two weeks of taking out the last loan, which made the loan unaffordable.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Mr F took out the first loan, of £150, in August 2013. He told Wage Day Advance his monthly income was £2,000 and his expenditure was £700. Mr F took out the second and third loans, of £100 and £150, in October 2013 and December 2013.

I think the checks made by Wage Day Advance were proportionate, given Mr F's stated income and the amount of the loan repayments. The information Mr F provided about his income and expenditure suggested the loan repayments were affordable.

Mr F took out the fourth loan, of £215, in February 2014. This was Mr F's fourth loan from Wage Day Advance and the amount he borrowed increased. I think it should have asked for more information about his living expenses and credit commitments, including any short term commitments.

The bank statements provided by Mr F's representative show he made payments to other short term lenders of about £530 within two weeks of taking out the fourth loan. Mr F's normal living expenses (rent, food, clothes, rail travel, tax payments) that I can see in his bank statements were about £800 in January and February 2014. He withdrew about £200 in cash each month. I haven't included some payments, such as for flights, gaming or gambling, in Mr F's normal living expenses. I don't think Mr F would have included these if Wage Day Advance had asked about his normal living expenses. And I don't think at this

point Wage Day Advance needed to ask for evidence, such as bank statements, of Mr F's expenditure.

I think if Wage Day Advance had asked Mr F for more information, he'd have told it his normal monthly living expenses were about £1,000 and he had short term commitments of about £530. Mr F would have been left with disposable income of about £470. This would have been enough to meet the loan repayment.

I think Wage Day Advance should have made further checks before the fourth loan. But, had it done so, I think it's likely it would have assessed the loan as affordable.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 18 May 2018.

Ruth Stevenson
ombudsman