

complaint

Mr W complains that Total Home Loans Direct Limited (THL) gave him loans that he couldn't afford to repay and transferred the debt to a third party without informing him. He asks that it refunds interest and charges.

background

Mr W took out three loans with THL between February and March 2013. Mr W says THL didn't do proper checks and it contributed to his financial difficulty by offering him the loans. He said that the debt was transferred to a third party debt collector without him knowing.

The adjudicator didn't recommend that the complaint should be upheld. He said the checks made by THL didn't go far enough given the amount of the loan repayments and Mr W's income and borrowing history. But he said that if Mr W had been asked about his outgoings the information Mr W gave about his expenses at the time suggested the loans were affordable and wouldn't have made any difference to the decision to lend. The adjudicator said that THL had explained it was going to pass the debt on, in an email to Mr W. THL also sent an email to Mr W to explain that the debt had been transferred and gave Mr W the contact details. He thought this was reasonable.

Mr W didn't agree. He said the business should have done more thorough checks and it would've seen he couldn't afford these loans and wouldn't have promoted them to him.

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 W took out the first loan, of £150, on 5 February 2013. THL says it asked about Mr W's income and he said that his income was £2200. He wasn't asked about his outgoings and given that he had to repay £227.50 I think he should have been asked about his outgoings to check he could afford the loan. Mr W has told us that his outgoings at that time were around £1700. I think it is likely that he would have given that figure to THL if he'd been asked. On these figures the loan was affordable. So I don't think better checks would have made any difference to the decision to lend to Mr W.

Mr W took out the second loan, for £150, on 28 February 2013 and the third loan for the same amount on the 28 March. His income and outgoings were the same as for the first loan and so again I don't think better checks would have made a difference to the decision to lend. There is not a pattern of increasing borrowing and there was nothing in Mr W's circumstances that would have suggested he couldn't afford to pay the loans back. I can't see that Mr W ever told THL that he was in financial difficulty.

I understand that Mr W says he was in financial difficulty and the loans weren't affordable. I sympathise but I can't say that TCL should've known or suspected this was the case even if it had asked Mr W more about his outgoings.

Mr W didn't make the repayments on the last loan. THL has said that it sent Mr W emails and also called him to come to an arrangement to make repayments. On 21 May 2013 THL sent an email to Mr W's current email address to explain that he had reached the end of their collections process and his account was going to be passed to a debt recovery agency. I know that Mr W says he didn't receive the email but I can't say that it wasn't sent. THL also sent an email to Mr W in June 2013 to confirm that the debt had been passed over. So I think on balance THL did tell Mr W it was passing on his debt.

Mr W was in financial difficulties and eventually set up a debt management plan. So even if he had received the notice I think it is unlikely that he would have paid the debt off in full at that time and stopped the transfer.

Whilst I know this will be a disappointment for Mr W, I can't say that THL has done anything wrong.

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 W to accept or reject my decision before 13 March 2018.

Emma Boothroyd
ombudsman