

complaint

Mr M complains that Uncle Buck Finance LLP lent him money he couldn't afford to repay.

background

Mr M took out five loans with Uncle Buck as follows:

date applied for loan	amount	instalments	monthly instalment amount	Repayment date
February 2015	£200	3	£97	April 2015
April 2015	£345	3	£166	June 2015
July 2015	£150	3	£68	August 2015
August 2015	£350	3	£164	November 2015
November 2015	£350	3	£162	outstanding

The adjudicator didn't recommend that Mr M's complaint be upheld. Although he thought that Uncle Buck should've been prompted to carry out some further checks, particularly before agreeing loan five, he didn't think this would've made a difference to the decision to lend.

Mr M doesn't agree. He understands that it might've been reasonable of Uncle Buck to agree the first few loans. But he thinks that the pattern of repeated borrowing alongside his loans with other short term lenders showed he couldn't afford to borrow more.

Mr M says he told Uncle Buck that he had to borrow money to make an early repayment. And that if he did this, he wanted to know if Uncle Buck would let him borrow money again immediately.

Mr M wants Uncle Buck to write off the final unpaid instalment on loan five against the interest that he's paid. And he wants Uncle Buck to amend his credit file.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I agree with the conclusions of the adjudicator.

Uncle Buck was required to make sure Mr M could repay any money that it lent to him. The checks had to be proportionate to things such as the amount of the loan, the repayments and any borrowing history. But there wasn't a set list of checks it had to carry out.

I appreciate what Mr M says about not being able to afford the loans, but I need to consider whether Uncle Buck carried out proportionate checks. If I don't think it did, I need to consider what better checks might've revealed.

loans one to four

Mr M told Uncle Buck that he was earning between £1,800 and £2,000 each month.

The repayments on all four loans didn't represent a significant proportion of Mr M's declared income. Usually, I would've thought it reasonable of Uncle Buck to agree most of these loans based on Mr M's declared income alone. However, as it could see that Mr M had defaulted

on one account within the previous 12 months, I think a proportionate check would've included asking about living costs and regular credit commitments before agreeing each loan.

Uncle Buck has given us evidence that it asked Mr M for details of his travel, utilities, food and housing costs. It also asked about any store or credit cards and gave him the option to include information under the heading "other".

Mr M declared his outgoings to be between £875 and £1,000. The credit checks Uncle Buck carried out didn't show a large number of active accounts or recently opened accounts so I don't think it should've been prompted to ask about Mr M's other short term loans for example. And the number of defaults applied in the 12 months prior to each loan didn't increase.

Based on what Uncle Buck knew about Mr M, loans one to four appeared to be affordable. I can't reasonably find that it was wrong to agree to lend.

loan five

By the time Mr M took out loan five, he'd been borrowing regularly. Although he'd managed to repay all of his previous loans on time, I think Uncle Buck should've been concerned that it might not know enough of his true financial situation. And that he was possibly reliant on short term lending.

I think Uncle Buck should've been carrying out the fullest checks possible before agreeing to lend. It could've done this in a variety of ways such as asking to see payslips, bills or copy bank statements.

As Mr M has given us copies of his bank statements for the period, I've considered these to decide whether better checks would've shown Uncle Buck that he couldn't afford to repay loan five in a sustainable way – that is without borrowing elsewhere.

Mr M was using a rolling credit facility from another lender, but apart from this, I can't see much in the way of other regular or short term credit commitments around the time of asking for loan five. Although there is evidence of some online gambling transactions, it looks like Mr M still had enough disposable income to afford the repayments on loan five.

Overall, I don't think Uncle Buck would've reached a different lending decision even if it had considered Mr M's bank statements. It follows that I don't require Uncle Buck to write off any outstanding balance on loan five. I'm sorry that this is likely to disappoint Mr M.

Finally, although Mr M says he told Uncle Buck that he had to borrow money to repay one of the loans early, this isn't reflected in the notes it has given to us. So I don't have enough evidence to suggest that Uncle Buck ignored any obvious signs of possible financial difficulties.

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 Mr M to accept or reject my decision before 13 April 2018.

Gemma Bowen
ombudsman