

complaint

Mr H complains that MYJAR Limited (MYJAR) gave him a loan he couldn't afford to repay.

background

Mr H had one loan from MYJAR in November 2017. It was for £500 and due to be repaid in three instalments, the highest of which was about £268.

Mr H told MYJAR he was having problems when his first payment fell due. MYJAR responded by stopping interest on his account and putting his loan on hold for a couple of months. Before this ran out, Mr H had complained about irresponsible lending.

MYJAR didn't think it had done anything wrong.

Mr H cleared his loan in February 2018.

Our adjudicator didn't think Mr H's complaint should be upheld. She thought MYJAR had carried out appropriate checks before it lent to Mr H and there weren't any indications he couldn't afford the repayments.

Mr H says if MYJAR had checked his bank statements then it would have seen he had a gambling problem and not have lent to him.

I've been asked to decide this complaint.

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've come to the same conclusion as the adjudicator did for much the same reasons.

Before deciding whether it should lend to Mr H, MYJAR was required to carry out checks to see if he could afford the repayments. The checks should've been proportionate, taking into account things like the information provided by Mr H, his credit history and how much he wanted to borrow – but there were no prescriptive rules setting out exactly what MYJAR should check.

MYJAR has provided some information about the checks it carried out before lending to Mr H. It asked Mr H to provide information about his monthly income and expenditure, including his housing costs, credit repayments and 'other monthly expenses'. It also obtained information from a credit reference agency and used its own credit scoring process.

I think that the checks MYJAR carried out were proportionate. Based on what Mr H told MYJAR about his monthly income and outgoings, I can't see that it should've been concerned that the loans were unaffordable. I have noted that the credit report results MYJAR has shown us does highlight that Mr H had accessed new credit elsewhere in the months before applying to MYJAR. But I don't think that, on its own, should've been enough for MYJAR to turn down Mr H's applications, or to carry out more detailed checks.

Mr H declared a monthly income of £2,200 when he applied for the loan. The monthly outgoings he declared were £550. That suggests the largest instalments on the loan he

applied for were all affordable. This remains the case after allowing some reasonable leeway for undeclared outgoings.

I understand Mr H was gambling and suffering from other problems at the time, but I don't think the checks MYJAR carried out would have alerted it to this.

Mr H says another lender decided to look at his bank statements and then wouldn't lend to him. He hasn't said when that was or how much he wanted to borrow. He thinks MYJAR should have checked his statements too. But each lender is entitled to use its own commercial judgement when deciding whether to lend, so long as its checks are proportionate.

In summary, I think the affordability checks MYJAR carried out were proportionate – and those checks didn't suggest the loans were unaffordable. And I haven't found anything else in the circumstances of the complaint which meant MYJAR should have made a different decision. This means MYJAR didn't do anything wrong when it lent to Mr H.

my final decision

My decision is that I do not uphold this complaint and I make no award against MYJAR Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 24 June 2018.

Sue Peters
ombudsman