

complaint

Miss M complains that CashEuroNet UK LLC (trading as Pounds to Pocket) gave her an unaffordable instalment loan. She's also unhappy with its level of service after she entered a debt management plan. She wants a refund of the interest and charges she paid.

background

Miss M had one loan from Pounds to Pocket in 2013. She said proper checks would have shown that the loan was unaffordable for her. She thought Pounds to Pocket had wrongly recorded a default on her credit file and hadn't handled her information request properly.

Pounds to Pocket said it had made adequate affordability checks. It said it had recorded the default correctly. But it agreed it hadn't responded to Miss M's information request correctly and offered compensation for this.

Our adjudicator didn't recommend that the complaint should be upheld. She thought Pounds to Pocket's checks on the affordability of the loan had been proportionate. So she didn't think it was wrong for it to lend it to Miss M.

The adjudicator also didn't think it had been wrong for Pounds to Pocket to record a default on Miss M's credit file as she hadn't made her contractual payments for her loan. She thought Pounds to Pocket's offer of £50 compensation and refund of £15 fees for its delays in dealing with Miss M's information request was reasonable.

Miss M replied that Pounds to Pocket's credit checks should have shown her debts on her credit card and another short-term loan. It hadn't asked her how much rent she was paying. She thought it was wrong for Pounds to Pocket to record a default for only two missed payments when it hadn't contacted her debt management company.

my findings

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

Miss M borrowed £700 from Pounds to Pocket to be repaid in 12 instalments of £105.60. She made three repayments, but then told Pounds to Pocket she was entering a debt management plan and requested reduced repayments.

Pounds to Pocket was required to lend responsibly. It should have made checks to make sure Miss M could afford to repay the loans before it lent to her. Those checks needed to be proportionate to things such as the amount Miss M was borrowing, and her lending history. But there was no set list of checks Pounds to Pocket had to do.

Pounds to Pocket said it asked Miss M for her monthly income, which was £1,000 after tax. It said it also made some credit checks. It said these didn't show anything untoward. I think Pounds to Pocket could reasonably rely on Miss M providing accurate information, unless it had cause for concern. This was Miss M's first loan from Pounds to Pocket. The repayments were small compared to her monthly income. I don't think it needed to look into the details of her outgoings. So I think Pounds to Pocket's checks on affordability were proportionate.

I appreciate that Miss M had a debt, another loan and a default on her credit file. She says that these should have shown on Pounds to Pocket's credit check. But I don't agree. The

information available from its check is not as detailed as that available to Miss M. There are often delays in recording information. So I can't safely say that Pounds to Pocket's checks found anything untoward that should have stopped it from lending to Miss M or made it ask further questions about her circumstances. So I can't say it was wrong for Pounds to Pocket to lend to Miss M and I can't require it to make her any refunds.

Miss M thought that Pounds to Pocket had wrongly recorded a default on her credit file. But, as the adjudicator has already explained, it's required to report accurate information to the credit agencies. This includes missed payments. From what I can see, Miss M missed two payments and these and a default were recorded.

I appreciate that Miss M's debt management company contacted Pounds to Pocket and it took two months for it to confirm the balance outstanding. But I can't say this was Pounds to Pocket's fault. Its records show that it was waiting for further contact from the debt management company.

This meant that Miss M didn't make payments for two months. But I think Pounds to Pocket wasn't obliged to accept reduced payments or to freeze the account. Miss M didn't make her payments until the debt management plan was agreed. So I can't say Pounds to Pocket did anything wrong in recording the missed payments or the default.

Miss M said the default had been recorded a month later than it should have been. But, from what I can see, Pounds to Pocket recorded the default on the date its notice to serve the default became effective. So I can't say it did anything wrong in this.

Pounds to Pocket has already agreed that its communication with Miss M in regards to her data request was poor. It's offered to refund her £10 fee and £5 telephone costs, and to pay her £50 compensation for her inconvenience. I think this is fair and reasonable. It's in keeping with what I'd have required in similar circumstances. So I think it's open to Miss M to accept this offer if she so chooses.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 19 June 2017.

Phillip Berechree
ombudsman