

complaint

Mr F complains that Amigo Loans Ltd gave him an unaffordable guarantor loan. He wants a refund of the interest he paid and for the loan to be removed from his credit file.

background

Mr F said Amigo lent to him at a time when he was in financial hardship. He said it didn't check affordability and shouldn't have given him the loan, even though he had a guarantor. Amigo said it had carried out sufficient checks that Mr F could afford the loan.

Our adjudicator didn't recommend that the complaint should be upheld. She thought Amigo had carried out proportionate and sufficient checks on affordability.

Mr F replied that he didn't think Amigo had lent to him responsibly or made sufficient checks that the loan was in his interest. He told us that further checks would have shown that he was gambling and it was wrong for Amigo to rely on a phone call to make its decision.

my findings

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

In 2011, Mr F borrowed £2,000 from Amigo to be repaid over an estimated 24 months. The monthly repayments were £136. He had a guarantor for the loan. The loan was repaid early in under a year.

Lenders are obliged to make sufficient and proportionate checks to make sure that loan repayments are affordable without undue hardship.

Amigo said it made a credit check on Mr F. Then it asked him for his income and expenditure. I've listened to a recording of this call. It talked to him about these checks and his other loans. Mr F told it he had a debt management plan for payday loans. Amigo took this into account and decided that he had enough disposable income, £245 a month, to repay the loan.

Mr F has provided us with his bank statements from the time. I agree with the adjudicator that these show that the information Mr F gave Amigo about his income and expenditure was accurate. I think they show he could afford the loan.

Mr F said he was gambling at the time. But Amigo didn't know this because it had relied on the information Mr F had provided it. I think it was for Mr F to be accurate about his circumstances.

I think Amigo carried out sufficient and proportionate checks on the affordability of the loan. I don't think it did anything wrong. So I can't ask it to make Mr F any refund.

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 Mr F to accept or reject my decision before 30 January 2017.

Phillip Berechree
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