

complaint

Mr A complains that Creation Consumer Finance Limited was irresponsible in lending him £25,000.

background

In January 2009, Creation lent Mr A £25,000. Mr A says that although he asked for this loan, a responsible lender would not have given it to him and that he has only been able to make the repayments because he has borrowed money to do this. Mr A says he is in financial difficulties and over half of his household debt has been provided to him by Creation. Mr A also has debt outstanding on his credit cards and this is being dealt with separately.

Creation says that, before providing a loan, it carries out checks to check a customer's eligibility. These include questions about the customer's employment status and income. It says that in Mr A's case, because he had previously had a finance arrangement with it, information about how this arrangement had been managed was also taken into account. It says that based on its checks, and because Mr A settled his finance arrangement in full in 2011 and that it had always remained within its terms and conditions, it was able to provide Mr A with a loan.

Creation says that it understood that the loan was for Mr A to consolidate other debt and that the payments due under the loan were made from the start, February 2009, up until July 2013. It says it has only recently been made aware of Mr A's financial difficulties and has requested he complete an income and expenditure form so it can assess a suitable temporary repayment plan.

The adjudicator did not uphold this complaint. He said that because Mr A had been able to make the repayments for the first four years of the loan, he did not consider that Creation had lent irresponsibly. When told about Mr A's financial difficulties, Creation asked him to complete an income and expenditure statement. The adjudicator said this showed it had acted positively and sympathetically to Mr A.

Mr A did not agree. He says that Creation has provided him excessive amounts of debt. He says that just because debt is asked for it should not always be provided and that in his case he was lent to irresponsibly. He has also said, since the adjudicator wrote to him, that he sent Creation his income and expenditure statement but after almost two months he has not had a response.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

In deciding whether Creation lent irresponsibly to Mr A, I have considered whether, at the time the loan was made in 2009, the loan was affordable. Before the loan was provided, checks were carried out to assess Mr A's eligibility for the loan. Creation has provided evidence of the questions it would ask including those about a customer's employment status and income. These questions help the lender to decide what amount of loan, if any, would be affordable. In addition to this information, Creation relied on its past experience with Mr A, as he had previously had a finance arrangement with it which he had repaid in full.

The loan agreement also clearly sets out the repayment terms and Mr A had the opportunity to discuss any concerns he had about repayment before signing the agreement. Because I accept that Creation carried out its usual checks on Mr A's eligibility for the loan and Mr A did not mention any repayment concerns at the time, I do not find that Creation lent irresponsibly.

If the loan was not affordable from the date it was provided, I would expect Mr A to struggle to make the repayments. The evidence shows that Mr A made all the repayments on the loan until July 2013 without raising any concerns with the lender. This was more than four years after the loan was provided. In August 2013, a repayment was returned and it was only after this time that Creation was aware of Mr A's financial difficulties. I understand that Mr A has said that he had to borrow money to make these repayments but I have not seen anything to demonstrate this.

Mr A says that the amount of debt Creation has provided him is excessive and I accept that this one lender accounts for a large part of Mr A's household debt. But, given that the loan was provided to consolidate a previous debt and I find that the repayments were affordable, I do not find that Creation has done anything wrong.

Mr A told Creation about his financial difficulties in 2013. When dealing with customers in financial difficulties, lenders are expected to treat customers positively and sympathetically. Creation has asked Mr A to complete an income and expenditure statement so that it can assess whether a temporary repayment plan can be put in place. I understand that Mr A has provided this but that Creation has not responded to him. I understand his frustration as I accept that Mr A wants to find a solution to repay his debt. I would expect Creation to respond to him about his income and expenditure information and if this does not happen, Mr A could raise a separate complaint.

I also am aware that while this complaint has been investigated, Mr A received letters about a potential county court judgement against him. While Creation is not required to stop its debt recovery while a complaint is being investigated, I understand that it has confirmed that it has put this on hold until the outcome of this case is decided.

my final decision

My final decision is that I do not uphold this complaint.

Jane Archer
ombudsman