

complaint

Mr H complains that DJS (UK) Limited (trading as Piggybank) was irresponsible to lend to him. He wants Piggybank to write off his outstanding debt.

background

Mr H took out two loans with Piggybank in late 2016. One in November 2016 for £300 and the second in December 2016 for £500, repayable by five monthly instalments of about £193.

Mr H says that Piggybank shouldn't have agreed to lend as he had a gambling addiction and suffered from depression.

Piggybank didn't agree that it was irresponsible to lend. It said Mr H told it his income was about £1,600. And that he had monthly expenses of £900. Piggybank also carried out credit checks.

The adjudicator didn't recommend that Mr H's complaint be upheld. He thought Piggybank's checks went far enough before agreeing each loan. And based on the information Mr H gave to the lender, he thought it was reasonable to agree both loans.

Mr H disagrees with the adjudicator's recommendation. He says he doesn't remember saying that he earned £1,600 a month as he actually earned about £1,370 with monthly outgoings of £1,000. Mr H thinks that Piggybank should've asked to see bank statements before agreeing to lend.

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 adjudicator's recommendation.

In cases like this, where the evidence is inconclusive, I reach my decision on the balance of probabilities. That means I'll look at all the available evidence and decide what I think is most likely to have happened.

Piggybank was required to lend responsibly. It needed to make sure Mr H could afford the loan repayments. There wasn't a set list of checks that Piggybank had to carry out. But the checks needed to be proportionate to things such as the amount of each repayment, the length of the agreement and any borrowing history.

Piggybank asked Mr H for details of his income and outgoings. It also carried out credit checks each time. Although the checks showed that Mr H had some other credit cards and home credit, I can't see any other short term loans. And his total outstanding credit doesn't seem at odds with the £100 monthly credit commitment figure that he gave to Piggybank. There was one credit card account default but as far as I can see, this was applied back in 2013. So I wouldn't have expected it to prompt Piggybank to ask more questions than it did.

Mr H says he doesn't remember saying that his monthly salary was £1,600. But Piggybank says that in December 2016, Mr H sent in payslips for November and December 2016. Although he earned £1,400 in November, Mr H's take home pay in December was over

£1,640. So I don't have enough evidence to suggest that Piggybank's income and expenditure records aren't correct.

I'm sorry to hear about Mr H's gambling addiction and mental health problems at the time he was borrowing. And I understand that he was spending more each month than he told Piggybank. But I don't think this was information that what I consider to be proportionate checks on the two loans would've uncovered.

Overall, I think Piggybank did enough to assess whether the loans were affordable to Mr H. And based on it knew about him, I can't find Piggybank was wrong to agree either loan. It follows that I don't require it to write off any outstanding balance.

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 H to accept or reject my decision before 30 April 2018.

Gemma Bowen
ombudsman