

## **complaint**

Mr P complains that Mobile Money Limited ("MML") did not check his credit file and bank statements before providing him with 12 loans from 2008 - 2014, and that it acted irresponsibly in providing him with these loans.

## **background**

Mr P took out 12 loans with MML secured by a bill of sale on his car. The loans were taken out from December 2008 until May 2014. Mr P said that MML did not perform affordability checks when assessing his loan applications and that it should repay all interest and charges on the loans.

The adjudicator did not recommend that the complaint should be upheld. He noted that MML had taken into account Mr P's repayment history with it and that it made its decisions taking this and the details provided by Mr P to it into account.

Mr P disagreed and responded to say, in summary, that if MML had carried out a credit search in 2008, it would have seen that he had adverse entries on his credit file including a bankruptcy order and a suspended possession order on his property. He also said that MML had made its first loan decision on the basis of no previous repayment history. Mr P also referred to his upheld complaints against seven other lenders for irresponsible lending due to his poor financial situation. As his situation was the same when he applied for loans to MML, he could not understand why the adjudicator had reached a different view.

## **my findings**

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

I note that the loans were made between 2008 and May 2014. Before March 2010, lenders had regard to a number of factors when assessing creditworthiness including information provided by the borrower and information from other people. But there was no obligation to conduct a credit reference agency ("CRA") search. From March 2010, lenders were required by the Office of Fair Trading's ("OFT") guidance on irresponsible lending to undertake a reasonable assessment of affordability. Lenders were obliged to consider sufficient information to be able to reasonably assess a borrower's likely ability to be able to meet repayments in a sustainable manner without the borrower incurring (further) financial difficulties and/or experiencing adverse consequences. The guidance set out a number of things that a lender might wish to consider when assessing affordability. Similar requirements were introduced by the Financial Conduct Authority in April 2014. The assessment must be based on sufficient information obtained from the borrower where appropriate. Information from a CRA is to be obtained where necessary. Information to be considered includes some or all of a record of previous dealings, evidence of income and expenditure, information from the borrower and a CRA report.

I note that Mr P is concerned that MML mis-sold the loans to him because it did not consult a CRA report to check his other credit commitments. But, I can see that a CRA report was not a mandatory requirement. MML required a payslip and bank statement for Mr P's first loan in December 2008, so I can see that it was able to assess his creditworthiness based on external evidence of his income and expenditure at the time. Mr P said that if MML had looked at a CRA report, it would have seen that he had been made bankrupt. But, I note that

Mr P was made bankrupt in September 2006, and his first loan with MML was obtained over a year after he had been discharged from bankruptcy.

MML then required no further information from Mr P in February 2009 for his next loan, as his repayments were satisfactory. But, in December 2009, June 2010, June 2012 and July 2013, it required both a budget plan showing Mr P's income and outgoings, and a recent payslip. In December 2012, it required a payslip and it asked for a budget plan in December 2011 and May 2014. On four other occasions it required no payslip or budget plan as it was satisfied with Mr P's repayment history and it had seen evidence of Mr P's salary within the previous twelve months.

Whilst MML was satisfied that Mr P's repayment history with it was excellent, I note that it also asked Mr P to provide both a budget plan and payslip on four occasions from December 2009, and a budget plan on two other occasions. Each budget plan showed an income surplus which appeared to be sufficient for the loan repayments to be made. I also note that the budget plan asked for details of other credit commitments, and that Mr P had not provided any details of these other than his loans with MML. Mr P had also signed these budget plans. I can see that the OFT's guidance said that creditors would not be considered culpable by the OFT for placing reliance on information provided by borrowers, where the creditor had no reason to suspect that it was inaccurate. So, I consider that MML did not act unreasonably in relying on Mr P's details of his income and outgoings, although I note that MML verified Mr P's income on five occasions by obtaining a payslip.

As Mr P showed over time that he could make the repayments on MML's loans in a sustainable manner, I am not persuaded that it was inappropriate for MML to take into account Mr P's repayment history with it. I can also see that Mr P did not tell MML that he was suffering financial difficulties until after he had taken out his last loan with it.

I appreciate that Mr P feels strongly that MML should not have provided him with loans. But, in the circumstances of this complaint, I am not persuaded that the information requested from Mr P together with his repayment history were insufficient for MML to be able to reasonably assess his likely ability to meet the repayments.

I note that Mr P has referred to other views and decisions made by this service in relation to his other loan complaints. But, I have not considered these as we consider each case on its own merits.

### **my final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr P to accept or reject my decision before 15 June 2015.

Roslyn Rawson

**ombudsman**