

## **complaint**

Mr S complains about an instalment loan he took out with Myjar Limited (Myjar). He says this loan shouldn't have been given because he was reliant on short term credit and the loan has pushed him further into debt.

## **background**

Mr S had one instalment loan for £600 which he took out in January 2017. Mr S was required to make six payments in order to repay the loan – with his highest payment being £174.62.

After making the first two repayments, Mr S told Myjar about his financial difficulties – at which point it froze the interest and the charges on the account. And Myjar had also set up a temporary repayment arrangement with Mr S.

Our adjudicator reviewed the complaint and she thought the checks carried out by Myjar went far enough. Myjar took details of Mr S's income and carried out a credit search. And the adjudicator didn't think Myjar would've seen anything in the credit search to suggest that it shouldn't rely on the information Mr S had given it. So she didn't think Myjar was wrong to have given Mr S the loan.

Mr S disagreed with the adjudicator's recommendation, so the case has been passed to me for a final 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. I've carefully thought about everything I've been given and having done so, I'm not upholding Mr S's complaint and I'll explain why below.

Myjar had to gather enough information to be able to make an informed decision as to whether it was reasonable to lend. The guidance and rules don't set out what checks must be done before lending is approved. However, Myjar needed to take reasonable steps to check that Mr S could repay his loan. And these checks needed to be proportionate to a number of things such as the size of the loans and when the loans were due to be repaid.

But even if the checks Myjar carried out weren't proportionate, that alone doesn't mean Mr S's complaint should be upheld. I say this because, it's possible, that had further checks been carried out by Myjar they could've shown Mr S was able to afford his loans. Myjar wouldn't have been wrong to lend him the money.

Myjar says that Mr S told it that he earned £1,600 a month and had outgoings of £640 a month – which were his other credit commitments. Myjar also carried out a credit check which didn't show anything to give it cause for concern – or to make it think that it needed to make further enquires with Mr S before agreeing to the loan. And based on what Mr S declared to Myjar it could see that he had enough disposable income to be able to afford each repayment when it became due. Overall, these checks went far enough considering this was Mr S's first loan and so I don't think Myjar was wrong to have given Mr S this loan.

I've carefully considered what Mr S says about his gambling and his other payday loans. And had Myjar carried out a more in – depth check then it's likely that a complete picture of Mr S's finances may have prevented Myjar from lending to him. But, at this point in time – considering it was Mr S first loan, Myjar wasn't required to carry out such an in-depth check. And for the reasons I've explained above, I think it was proportionate for Myjar to have carried out the checks that it did as well as relying on what Mr S had told it about his financial situation.

I appreciate this decision will come as a disappointment to Mr S and I would remind Myjar that they have an obligation to treat Mr S positively and sympathetically.

**my final decision**

For the reasons set out above, I don't uphold Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 November 2017.

Robert Walker  
**ombudsman**