

complaint

Miss H complains that WDFC UK Limited (trading as Wonga.com) irresponsibly lent her money.

background

Miss H took out payday loans with Wonga. She complains that Wonga didn't carry out proper checks when lending to her, the loans weren't suitable and it shouldn't have approved increases in her credit limit. The lending was unsustainable and irresponsible. She wants the debt written off.

Wonga hasn't provided any information to assist our adjudicator's investigations. But she thought we had enough evidence from Miss H to show what happened.

Our adjudicator recommended that the complaint should be upheld. She considered that:

- Wonga hasn't supplied information about any checks done before lending to Miss H. But she's shown that she took out 30 loans or top ups with Wonga in a roughly two year period. During this period she told it that she was experiencing financial difficulty. Wonga agreed a repayment plan with her after freezing interest and charges on her account.
- Miss H says the online application process asked for her benefit income but not her expenditure. From her loan history it's obvious she was relying on her regular Wonga borrowings to supplement her income from benefits. Wonga also continued to lend to her regularly after her repayment plan ended. Wonga hasn't shown it took necessary steps to ensure the loans were affordable. The lending was irresponsible.
- So, Wonga should refund all interest and charges from her first loan of 11 March 2013 plus interest. It should also remove any adverse information about these loans from her credit file.

Wonga hasn't responded to the adjudicator's opinion.

my findings

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

Some of the evidence in this case is incomplete, inconclusive or contradictory. So, I've made my decision based on what I think is most likely to have happened.

I agree with the adjudicator's conclusions for broadly the same reasons.

I have seen nothing to show what, if any checks Wonga carried out when Miss H applied for her first loan on 11 March 2013 or that it or later loans were affordable.

In addition, whatever level of checks, if any, Wonga carried out at the time of each loan or top up application I think Miss H's account history, including the regularity, frequency and amounts of the loans should've very quickly alerted it to the fact that she may have been in

financial difficulty, the loans may have been unaffordable and she was reliant on short term lending. I think on balance that the loans were unaffordable and the lending irresponsible.

Overall, I agree with the adjudicator that it's a fair and reasonable resolution of this complaint for Wonga to refund to Miss H all interest and charges from 11 March 2013 plus interest. Obviously Miss H may owe Wonga money and the refund should firstly be used to offset anything still owing.

And as these loans shouldn't have been granted it's also fair and reasonable for Wonga to remove all reference to them from Miss H's credit file.

Furthermore, I think Miss H's financial difficulties were made worse by this irresponsible lending and Wonga's failure to adequately deal with her complaint. I think this has inevitably caused her trouble, upset and inconvenience. I think this warrants a payment of compensation. Taking account of all the circumstances and the level of awards we make, I think £150 compensation for this is fair and reasonable.

my final decision

My decision is that I uphold this complaint and I require WDFC UK Limited (trading as Wonga.com):

1. To refund to Miss H all interest and charges from 11 March 2013 plus simple interest on each sum at the rate of 8% a year from the date each was paid until the date of settlement;
2. To remove all information on Miss H's credit file relating to all loans taken out from 11 March 2013; and
3. To pay Miss H £150 compensation.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss H to accept or reject my decision before 21 September 2015.

Stephen Cooper
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