complaint

Miss S complains that CURO TRANSATLANTIC LIMITED, trading as WageDay Advance, loaned her money she couldn't afford to repay.

background

Miss S entered into a running account credit agreement with WageDay Advance and borrowed the following amounts:

	date	£ amount borrowed	date repaid
1	7 December 2012	150	21 December 2012
2	7 January 2013	215	29 January 2013
3	12 February 2013	150	26 February 2013
4	5 March 2013	130	26 March 2013
5	4 April 2013	215	26 April 2013
6	24 May 2013	250	26 June 2013
7	4 July 2013	400	29 July 2013
8	31 July 2013	550	

The above are not separate loan agreements but for ease of reference, I'll refer to them as loans one to eight. Miss S didn't repay loan eight.

Miss S says that WageDay Advance continued to lend to her when she was in financial difficulty and couldn't afford to repay the loans. She wants a refund of interest, plus interest on the refund. She also wants WageDay Advance to remove adverse information from her credit file.

Our adjudicator initially said that the checks WageDay Advance carried out before loans one to three were proportionate and it appeared that Miss S could afford to repay those loans. She said that WageDay Advance didn't carry out proportionate checks before loans four to eight. But the adjudicator said that Miss S hadn't given us the information we needed to decide that proportionate checks would have shown that the loans were unaffordable.

Miss S provided some further information and our adjudicator looked at the matter again. The adjudicator said that if WageDay Advance had asked Miss S about other short-term borrowing before loan four, it would have seen that she couldn't afford to repay that loan. The further information Miss S provided didn't alter the adjudicator's view about loans five to eight. The adjudicator set out what WageDay Advance should do to put things right in relation to loan four.

WageDay Advance agreed to compensate Miss S in relation to loan four and said that as there's a balance outstanding, it would deduct the amount due to Miss S from the balance she owes. Miss S said it wasn't sufficient to address only loan four and that she'd tried again to get further bank statements for the relevant period.

As there was no agreement between the parties, Miss S's complaint was passed to me.

my findings

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

Before agreeing to lend to Miss S, WageDay Advance had to check each time that she could afford to make the repayments. The checks it did had to be proportionate. What's proportionate depends on things like the size of the loan repayments and the information WageDay Advance had about Miss S. There's no set list of the checks a lender should carry out.

WageDay Advance asked Miss S about her income and expenditure each time she asked to borrow. I think that was proportionate in the early stages of its lending relationship with Miss S. Based on what WageDay Advance knew about Miss S, it appeared that she could afford to repay the first three loans. I don't think that WageDay Advance needed to do any more than it did at that stage.

WageDay Advance has agreed to the adjudicator's recommendation in relation to loan four, so I don't need to comment on that loan further.

I think that before loans five to eight, WageDay Advance should have done more. That's because, by then, Miss S's dependency on this sort of borrowing was established. I think that at this stage, WageDay Advance should have taken steps to verify the information Miss S provided about her financial situation. I can't see that it did that. But that's not the end of the matter, as I need to determine whether that made any difference here.

As WageDay Advance doesn't appear to have carried out proportionate and sufficient checks before loans five to eight, I can't say for sure what it would've found out had it done so. Miss S has provided bank statements that show her financial position for part of the relevant period. So I've been able to get a picture of what her financial circumstances were like before loan six. Miss S has also provided her credit file, which shows other short-term lending around the time of loans five to eight.

I accept that this isn't perfect, as different checks show different things. And just because something shows up in the information Miss S has now provided doesn't mean that it would've shown up in any checks that WageDay Advance might've carried out. But the partial information Miss S has provided is the best indication I have of what her financial circumstances were at the relevant time. In the absence of anything else, I think it's reasonable to rely on it.

Miss S had other borrowing at the time of loans five to eight. But, based on what I've seen, I don't think it's clear that proportionate checks would've shown that Miss S couldn't afford to repay loans five to eight. So, I'm not able to conclude that WageDay Advance shouldn't have given Miss S those loans.

WageDay Advance should take the action it's already agreed to take in relation to loan four. As loan eight remains outstanding, WageDay Advance may use the refund to reduce what Miss S owes.

my final decision

I uphold this complaint in part and direct CURO TRANSATLANTIC LIMITED, trading as WageDay Advance:

1. To refund to Miss S all interest and charges she's paid in relation to loan four and pay simple interest at the rate of 8% a year*, from the date each sum was paid until the date of settlement;

2. To use this refund to reduce what's outstanding in relation to loan eight; and

3. To remove any negative information about loan four from Miss S's credit file.

* HM Revenue & Customs requires CURO TRANSATLANTIC LIMITED, trading as WageDay Advance to take off tax from this interest. It must give Miss S a certificate showing how much tax it's taken off, if she asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 20 March 2019.

Louise Povey
ombudsman