

**complaint**

Mr O complains that MYJAR Limited gave him loans he couldn't afford to repay.

**background**

Mr O took out the following instalment loans with MYJAR:

	date borrowed	£ amount borrowed	no. of repayments/ £ maximum repayments at outset	date repaid
1	1 November 2016	375	3/185.73	19 December 2016
2	6 January 2017	125	3/60.27	31 January 2017
3	31 January 2017	900	12/136.29	

I understand that there's a repayment plan in place for loan three.

In response to Mr O's complaint, MYJAR offered to remove all interest and charges from the outstanding loan and reduce the debt to £588.42.

Our adjudicator thought that MYJAR carried out appropriate checks before lending to Mr O and that the loans appeared affordable. Mr O didn't agree. He said:

- Payday loans are about to make him go bankrupt.
- All of his debt is from payday loans and he owes over £5,000 to about 12 different lenders.
- He's borrowed from one lender to repay another.
- The frequency of the loans is an issue.
- If it had done appropriate checks, MYJAR would've seen that at the time of loan three, they lent him close to his whole wage on the day he's paid.

**my findings**

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

When lending money to Mr O, MYJAR was required to ensure he could repay the borrowing in a sustainable manner, without it adversely affecting his financial situation. A lender should obtain sufficient information to make an informed decision about the lending. It's for the lender to decide how it does this. The guidance and rules list a number of things each lender may wish to consider. Checks should be proportionate, based on things like the size of the loan, amongst other things.

MYJAR says before deciding to lend to Mr O, it asked him about his income and expenditure and carried out credit and identity checks. I agree with the adjudicator that the checks MYJAR carried out for all three loans were proportionate.

Mr O told MYJAR his income was £1,300. He said his outgoings were £250 before loan one and £500 before loans two and three. I appreciate that Mr O now says that his normal monthly living costs and regular financial commitments were over £1,000. MYJAR was entitled to rely on what Mr O told it at the time. So, it appeared to MYJAR that the monthly repayments were affordable.

I've looked at the information MYJAR gathered about Mr O. There was nothing to indicate that it should've asked Mr O for more or different information. MYJAR wasn't aware of Mr O's other short-term borrowing or the amount he spent on gambling. There was nothing in the information it had which would've prompted it to ask Mr O about those matters.

Mr O says MYJAR should've used caution because of the frequency of the loans. Frequent lending can mean that lenders should ask more questions before deciding to lend but I don't think that applies here. Mr O repaid loans one and two early. MYJAR may have concluded that Mr O was managing his repayments well.

Mr O says if MYJAR had done appropriate checks, it would've seen that at the time of loan three, it lent him close to his whole wage on the day he's paid. Loan three was around 70% of Mr O's income, as stated to MYJAR. But I don't think that's the determining factor here. The repayment of loan three was spread over 12 months and it appeared that Mr O could afford to make the monthly repayments.

I don't doubt that Mr O has found the financial position he's in very stressful but I'm afraid that, for the reasons I've given above, I don't uphold his complaint.

### **my final decision**

My final decision is that I don't uphold Mr O's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 15 February 2018.

Louise Povey  
**ombudsman**