

complaint

Mr T complains that DJS (UK) Limited (trading as Piggybank) was wrong to lend to him. He asks that it refunds interest and charges and removes the loan from his credit file.

background

Mr T took out a loan with Piggybank in November 2013. He says he already had a lot of debt. Mr T says Piggybank didn't ask for his bank statements or look at his credit report.

The adjudicator didn't recommend that the complaint should be upheld. He said Piggybank had asked Mr T for information about his income and expenses. It compared this against independent data and increased the expenditure. It also did a credit check. The adjudicator said the checks made by Piggybank were proportionate and it had no reason to think the loan wasn't affordable.

Mr T didn't agree. He said his credit report showed multiple defaults and several active loans. He says he had a gambling problem which would have been obvious if Piggybank had asked for his bank statements.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Mr T took out a £500 loan with Piggybank in November 2013. The repayment of £587 was due at the end of November 2013.

Mr T told Piggybank his monthly income was £2,400. Piggybank assessed Mr T's monthly expenditure as just over £1,000. This was based on information provided by Mr T, information Piggybank received from its credit check and data from the Office of National Statistics. Piggybank says its checks suggested the loan was affordable.

Mr T says he had a gambling problem, but I don't think Piggybank knew this. While Mr T's bank statements might show a problem with gambling, I don't think at this point Piggybank needed to ask for copies of his bank statements.

Mr T says the credit check would have shown his defaults and excessive indebtedness. Piggybank says its credit check didn't alert it to the need for further checks. I asked Piggybank for more information about its credit check and it's unsatisfactory that Piggybank hasn't provided this.

Mr T provided a copy of his credit report. I should say that I think it's unlikely Piggybank received the same amount of information from its credit check as Mr T sees on his credit report. Mr T's credit report shows defaults, but these were recorded in 2012, more than a year before he took out the loan with Piggybank. Even if Piggybank was aware of the defaults, this wouldn't necessarily mean it couldn't lend to Mr T. The amounts Mr T was paying towards his short term loans – as shown on his credit report – wouldn't have made

the loan repayment unaffordable. I don't think the credit check should have alerted Piggybank to a problem or the need for further checks.

So, in summary, I don't think Piggybank needed to make further checks. The information it had suggested the loan was affordable.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 7 January 2019.

Ruth Stevenson
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