

complaint

Mr I complains that two loans granted by Microcredit Limited (trading as MiniCredit.co.uk) were unaffordable.

background

In September 2013 Microcredit lend Mr I two loans which he says he couldn't afford. He says that if it had checked it would have known the loans were unaffordable. He also says Microcredit didn't respond to his complaint. He wants it to refund the interest and charges he's paid. He also wants compensation.

The adjudicator thought the complaint should be upheld. He felt the loans were unaffordable and didn't think Microcredit should have agreed to them. He asked it to refund all the interest and charges paid and amend Mr I's credit file.

Microcredit didn't respond to the adjudicator's view, so the complaint has been passed to me to review.

my findings

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

Microcredit didn't give us any information about what checks it done before it lent to Mr I. From his bank statements I can see that when Microcredit lent to him, he was in a cycle of debt, borrowing from a number of payday lenders to pay off loans. From what I've seen I don't think Mr I could afford to repay the loans he took from Microcredit without more borrowing.

I think that if Microcredit had done proper affordability checks, it would have realised that Mr I couldn't afford the loans and I don't think it would've agreed to lend to him. So, I think it's fair for Microcredit to refund Mr I all interest and charges paid, with interest and remove all information recorded about the loans on his credit file.

I also think that Mr I would have been caused some distress by Microcredit not responding to his complaint. So I think that it should pay Mr I £75 compensation to reflect this.

my final decision

To resolve the complaint Microcredit Limited (trading as MiniCredit.co.uk) should;

- refund all interest and charges paid by Mr I on the loans taken out on 13 September 2013 and 23 September 2013, adding interest at 8% simple per annum from the date each payment was made until the date of settlement.
- remove any information recorded about the two loans on Mr I's credit file.
- pay Mr I £75 compensation for the distress caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 6 November 2015.

Karen Dennis-Barry
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