

## complaint

Mr H complains that APFIN LTD, trading as cashasap.co.uk, gave him loans he couldn't afford to repay.

## background

Mr H took out the following loans from cashasap:

	date	£ amount borrowed	date repaid
1	5 June 2016	50	10 June 2016
2	10 June 2016	325	14 June 2016
3	14 June 2016	325	25 November 2016
4	16 December 2016	115	23 December 2016
5	3 January 2017	100	13 January 2017
6	13 January 2017	150	20 April 2017

In response to Mr H's complaint, cashasap offered to refund some of the interest on the last loan. Mr H didn't accept that.

Our adjudicator thought that cashasap shouldn't have given Mr H some of the loans and she set out what it should do to put that right. She said:

- The checks cashasap carried out before loans one and two were proportionate.
- It should've done more before loans three to six.
- If it had done proportionate checks before loans three to six, it would've seen that Mr H couldn't afford to repay further borrowing.

Cashasap didn't agree with the adjudicator. It said:

- Loan three was taken out after loan two was settled early and it concluded that Mr H repaid loan two in error and took out loan three to remedy that.
- Loan four was for significantly less than loan three and Mr H repaid loan three before the date agreed in the repayment plan.
- Loan five was for an even smaller amount of £100.
- It accepted that it should refund interest on loan six.

## 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 Mr H, cashasap had to check each time that he 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 it had about Mr H. There's no set list of the checks a lender should carry out.

Before agreeing to the loans, cashasap asked Mr H about his monthly income and expenditure, which it recorded as £1,200 and between £260 and £360 respectively. It also carried out credit checks.

I think the checks cashasap carried out before loans one and two were proportionate. That was the beginning of its lending relationship with Mr H. Based on the information it had, it appeared that Mr H could afford to make the repayments from his disposable income.

I think cashasap should've done more before loan three onwards. That's because it was Mr H's third loan in ten days. I've noted that cashasap says it concluded that Mr H had repaid loan two in error and took out loan three to remedy that. I've seen nothing to indicate that was a reasonable conclusion in this case. Mr H's borrowing looked erratic and I think at this stage, proportionate checks are likely to have established a much fuller picture of Mr H's financial position. I think proportionate checks here would've meant that cashasap took steps to verify the information Mr H provided about his financial situation.

I think the same applies to loan four, particularly as Mr H had struggled to repay loan three and a repayment arrangement had been agreed. By loan five, Mr H's reliance on short-term loans was established. I don't think the fact that loan five was for a lesser amount than previous loans alters that.

Based on Mr H's pattern of borrowing and the information cashasap had about him, I think proportionate checks before loans three to six would've meant that it verified the information Mr H provided before it decided to lend to him.

As cashasap doesn't appear to have carried out proportionate and sufficient checks, I can't say for sure what it would've found out had it done so. Mr H has provided us with evidence of his financial circumstances at the time he applied for the loans. So I've been able to get a picture of what his financial circumstances were like. Of course, I accept that this isn't perfect, as different checks show different things. And just because something shows up in the information Mr H has now provided, it doesn't mean that it would've shown up in any checks that cashasap might've carried out. But the information Mr H has provided is the best indication I have of what his financial circumstances were at the relevant time. In the absence of anything else, I think it's reasonable to rely on it.

Based on what I've seen, I think proportionate checks before loan three would've shown that Mr H was gambling more than he earned and that he had other short-term loans. So, he couldn't afford to repay further borrowing. Whilst the amounts Mr H gambled and had to repay to other short-term lenders varied, his overall financial position didn't improve. I think proportionate checks would've shown that he couldn't afford to sustainably repay further borrowing.

Considering everything, I don't think cashasap has shown its checks for loans three onwards were sufficient or proportionate. If it had carried out proportionate checks, I think it would've seen that loans three to six were unaffordable. On balance, I don't think it should've given Mr H these loans.

Overall, I think the adjudicator's proposed resolution of this complaint is fair and reasonable. I agree with the adjudicator's conclusions and don't see any compelling reason to change the proposed outcome in this case.

**my final decision**

I uphold this complaint. To put things right I require APFIN LTD, trading as cashasap.co.uk:

1. To refund to Mr H all interest and charges he's paid on loans three to six, plus pay simple interest at the rate of 8% a year\*, from the date each sum was paid until the date of settlement.
2. To remove any negative information about loans three to six from Mr H's credit file.

\* HM Revenue & Customs requires APFIN LTD, trading as cashasap.co.uk, to take off tax from this interest. It must give Mr H a certificate showing how much tax it's taken off, if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 6 March 2018.

Louise Povey  
**ombudsman**