

**complaint**

Mr C complains that Express Finance (Bromley) Limited (trading as Payday Express) gave him loans that he couldn't afford to repay.

**background**

Mr C was given seven loans by Payday Express between March 2014 and February 2015. In addition Mr C topped up his second loan by taking some additional borrowing. And Mr C wasn't able to repay loan 6 when it fell due, so he deferred his repayment by a month and paid some additional interest. All of Mr C's loans from Payday Express have been fully repaid and a summary of his borrowing is as follows;

<b>Loan Number</b>	<b>Borrowing Date</b>	<b>Repayment Date</b>	<b>Loan Amount</b>
1	17/03/2014	28/03/2014	£ 100
2	09/06/2014	30/06/2014	£ 170
2a	17/06/2014		£ 100
3	22/07/2014	28/08/2014	£ 100
4	06/09/2014	28/10/2014	£ 100
5	10/11/2014	28/11/2014	£ 120
6	05/12/2014	28/01/2015	£ 190
7	16/02/2015	27/04/2015	£ 300

Mr C's complaint has been assessed by one of our adjudicators. She thought that the checks Payday Express had done before the first four loans had been sufficient. And she thought that those checks suggested the loans would be affordable for Mr C. And although she thought Payday Express should have done more checks from loan 5 onwards, she thought that better checks would still have suggested that Mr C could afford to repay the loans. So she didn't recommend that Mr C's complaint should be upheld.

Mr C didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

**my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've also taken into account the law, any relevant regulatory rules and good industry practice at the time the loans were offered.

Payday Express was required to lend responsibly. It needed to make checks to see whether Mr C could afford to pay back each loan before it lent to him. Those checks needed to be proportionate to things such as the amount Mr C was borrowing, and his lending history, but there was no set list of checks Payday Express had to do.

Payday Express has told us about the checks it did before lending to Mr C. It asked him for details of his income, and his normal expenditure, before agreeing each loan. And it checked

Mr C's credit file before it gave him the first loan. I've looked at the results from that credit check and it doesn't seem to me they showed anything that should have caused additional concerns to the lender.

Generally the loans that Mr C asked for were very small compared to the income that he declared to Payday Express. And his repayments appeared to be easily affordable based on what he said about his normal expenditure. I have considered that Mr C borrowed regularly from Payday Express, taking new loans within a short time of having repaid some earlier borrowing. But on balance I don't think Payday Express needed to do any more checks than it did before agreeing the first four loans.

But I think from that point onwards Payday Express should have been increasingly concerned that Mr C might have been relying on its lending to help meet his normal monthly living costs. I think it should have concluded that it wasn't safe to continue to rely on the information Mr C was providing without taking steps to independently check his true financial situation. So I think Payday Express should have done more checks before agreeing loans 5, 6 and 7.

But although I don't think the checks Payday Express did from loan 5 onwards were sufficient, that in itself doesn't mean that Mr C's complaint should succeed. I'd also need to be persuaded that what I consider to be proportionate checks would have shown Payday Express that Mr C couldn't sustainably afford the loans. So I've looked at Mr C's bank statements, and what he's told us about his financial situation, to see what better checks would have shown Payday Express.

I think that if Payday Express had independently checked Mr C's financial situation it would have seen that around the time of these loans he was actually earning more, from his normal employment, than he'd declared. And looking at Mr C's expenditure over that time he would have sufficient left over each month to easily afford the repayments he needed to make. So I don't think it was unreasonable of Payday Express to give him these loans. Even if it had done extensive checks I still think it would have concluded that Mr C could afford to repay them.

Mr C has said that he was trapped in a cycle of borrowing at that time. But it doesn't seem to me that he was taking loans by then from any other short term lenders. And he says that he was gambling heavily. Whilst that might have been the case some time earlier, there is no evidence of those sorts of transactions on his bank statements around the time he was taking his later loans from Payday Express.

### **my final decision**

For the reasons given above, I don't uphold the complaint or make any award against Express Finance (Bromley) Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 30 August 2018.

Paul Reilly  
**ombudsman**