

complaint

Mr S complains about irresponsible lending. He says Marsh Finance & Commercial Ltd lent him money through a hire purchase agreement. Due to the large amount of other loans he had at the time he says he couldn't afford to repay it. He wants the interest to be refunded.

background

Mr S tells us prior to taking out the hire purchase agreement he'd got himself "*into trouble*" by constantly taking out payday loans. And he'd needed help from his partner to pay these off. He also points to a previous County Court Judgment (CCJ) which was still showing on his credit file. He says he feels Marsh was irresponsible in lending him the money and didn't carry out sufficient checks.

Marsh said it had carried out all necessary checks. This included a telephone interview, a check of wage slips and contract of employment and verifying with Mr S's mortgage company that his payments to them were up to date. It said it was aware of the CCJ – but this had been settled over a year before the application. It said it felt it had not acted irresponsibly and wouldn't be upholding the complaint.

Mr S wasn't satisfied and complained to us.

The investigator didn't recommend the complaint should be upheld. In a very detailed view which I needn't repeat she found Marsh had carried out sufficient checks. She felt that most of the adverse information shown on his current credit file had been recorded after the agreement. She'd also taken into consideration Mr S had decided to accept the agreement at a time he said he was heavily indebted. But she couldn't say the agreement was unaffordable at the time it commenced and so wouldn't be asking Marsh to do anything else.

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 can understand Mr S's concern and I see that from time to time he's had some difficulties with his financial circumstances. I'm sorry he's been caused distress in this way.

In deciding if a loan was unaffordable or if business has lent irresponsibly I have to look at a number of factors. In short I have to ask if a business made sufficient and proportionate checks. I've examined what evidence Marsh had at the time the agreement was made. I can see it had verified Mr S's employment and had been provided with details of his salary – confirmed by a wage slip. In addition it had obtained a consumer information report which contained details of some previous loans and also a CCJ. I see the CCJ had been settled over a year earlier – and it wouldn't be fair if a person who'd settled a judgment wasn't able to access credit. So I can't say Marsh was wrong by offering credit simply because Mr S had a settled CCJ showing on his credit file. And I note it confirmed with his current mortgage lender that payments were up to date.

At the time of the agreement OFT guidance encouraged borrowers to undertake their own assessment of affordability alongside that of the creditor. Mr S signed to say he could afford the repayments. And I've seen a log of a verification call dated shortly before the agreement.

Mr S doesn't remember this but as it's five years ago I wouldn't expect him to remember every detail of the procedures related to this agreement.

All in all, I believe Marsh carried out checks which were both sufficient and proportionate. On the information available these showed his actual income exceeded that required to meet the affordability criteria. So I can't say it did anything wrong in agreeing to make the loan at the time. And whilst subsequently there were occasions when full contractual payments were made late – overall the repayments were maintained until the agreement was terminated.

So whilst I know it will come as a disappointment to Mr S, I'm in agreement with the view of the investigator and for much the same reasons that this complaint should not be upheld.

my final decision

For the reasons given above my final decision is I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 29 May 2018.

Stephen D. Ross
ombudsman