

complaint

Mr H complains that Uncle Buck Finance LLP lent him money he couldn't afford to repay.

background

Mr H took out three loans with Uncle Buck as follows:

No	date applied for loan	amount	instalments	Repayment date
1	07/01/2018	£200	2 @ £96, 1 @ £94	31/01/2018
2	14/04/2018	£500	3 @ £190, 1 @ £182	30/04/2018
3	05/08/2018	£800	3 @ £324, 1 @ £312	outstanding

Mr H says he borrowed money from a number of lenders. Mr H says he was a gambling addict. Mr H thinks that if Uncle Buck had asked to see bank statements, it would've discovered how bad his addiction was at the time.

Mr H wants Uncle Buck to refund the interest and charges that he's paid to reduce his outstanding balance.

Before agreeing to lend each time, Uncle Buck asked Mr H for details of his net monthly income and outgoings. It recorded an income figure of £3,250 with monthly outgoings of £1,000.

Uncle Buck also carried out credit checks which it says didn't reveal anything of concern such as defaults or a County Court Judgment.

The adjudicator didn't recommend that Mr H's complaint be upheld. She thought that Uncle Buck did enough checks before agreeing the loans. The adjudicator thought the three loans appeared affordable.

Mr H doesn't agree with the adjudicator's recommendation. Mr H says he was asking to borrow more money each time. Mr H says that he had spent many thousands of pounds online gambling and owed large sums to various credit card companies and other payday lenders.

Mr H thinks that his request to borrow £800 at the time of loan three should've prompted Uncle Buck to carry out better checks.

my findings

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

Uncle Buck was required to make sure Mr H could repay any money that it lent to him. Any checks had to be proportionate to things such as the amount of the loan, the repayments and any borrowing history. But there wasn't a set list of checks it had to carry out.

I'm satisfied that Uncle Buck carried out adequate checks each time. And that based on the information Mr H gave about his finances and Uncle Buck's own credit checks; it appeared that Mr H could afford to repay the loans.

Although Mr H asked to borrow more money than before when it came to loan three, he was due to repay the loan by instalments rather than as one lump sum payment. This means that I still consider Uncle Buck's checks went far enough before loan three.

I haven't seen anything in the credit search results which should've reasonably prompted Uncle Buck to ask more questions than it did. There were some gaps in between the loan. Although these weren't long enough to effectively break the chain of lending, I can't say that Uncle Buck missed any obvious signs of a reliance on short term lending.

Throughout all of the time that Mr H was borrowing money from Uncle Buck, I don't think it was reasonable to expect Uncle Buck to independently verify the information that Mr H gave by asking to see bank statements for example. This means that Uncle Buck couldn't have known about Mr H's gambling addiction unless he'd disclosed it.

I appreciate that Mr H's financial situation was worse than he told Uncle Buck but I don't consider proportionate checks would've revealed this. It's for this reason that I'm not upholding Mr H's complaint. I understand that Mr H is likely to be disappointed and I'm sorry about this.

my final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 15 June 2019.

Gemma Bowen
ombudsman