

complaint

Miss R says Cash On Go Limited (trading as Peachy) lent to her irresponsibly.

background

Miss R had one instalment loan with Peachy in January 2019. She borrowed £400, which was repayable in six monthly instalments averaging about £123.

The first adjudicator to consider Miss R's complaint did not think it should be upheld. Miss R disagreed and her complaint was considered by a new adjudicator who asked Peachy to provide some new information about its credit checks. Upon receipt of this information, the second adjudicator thought the complaint should be upheld.

Peachy didn't agree with the second adjudicator, so the complaint was passed to me to decide.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. We've set out our general approach to complaints about short-term lending - including all of the relevant rules, guidance and good industry practice - on our website.

Peachy needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Miss R could repay the loans in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure. With this in mind, in the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate.

In Miss R's case, I'm not going to comment on whether or not Peachy carried out proportionate checks before lending. That's because I think the key thing here is the information Peachy actually obtained suggested the loan wasn't affordable for Miss R.

Miss R declared monthly income of £1,251 when she applied for her loan. She also declared monthly expenditure of £899, which included £250 for monthly credit commitments and £150 for short-term loan commitments. For what was Miss R's first, relatively small loan, I'd say Peachy would usually be entitled to rely on the information Miss R provided – unless it had other information which substantially undermined Miss R's declarations.

I think the results of the credit check Peachy carried out did just that. The credit history information provided by Peachy suggests Miss R had opened a large number of accounts in a short space of time, with 29 active accounts at the point she applied for her Peachy loan. I won't reiterate all of the details of the credit search here as Peachy will already be familiar with them. In summary, the credit check showed Miss R had over £16,000 of existing debt, of which £5,100 was revolving credit and £5,300 loan balances.

Monthly repayments due on active accounts are also shown and whilst Peachy disputes our adjudicator's interpretation of the figures – for example that £996 represents the total value of monthly payments due – it has offered no alternative explanation and I'm not persuaded that there is anything significantly wrong with the figures presented by our adjudicator. I've

seen Miss R's bank statements and the total sum of the payments to her creditors in December and January 2019 isn't actually far off the £996 figure I've mentioned.

So I think Peachy ought to have realised that Miss R wasn't in a position to take on additional credit commitments. The information it had strongly suggested Miss R would struggle to make the repayments in a sustainable manner. I'm therefore upholding Miss R's complaint.

putting things right

Peachy must refund the interest and charges Miss R paid on her loan. It should add 8% simple interest per year to the refund, from when Miss R paid the interest and charges until the date of settlement†. Peachy must also remove any adverse information it has recorded about the loan.

† HM Revenue & Customs requires Peachy to take off tax from this interest. Peachy must give Miss R a certificate showing how much tax it's taken off if she asks for one.

my final decision

I uphold Miss R's complaint. CASH ON GO LIMITED must put things right by taking the steps set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 13 December 2019.

Matthew Bradford
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