

## The complaint

Miss J says Morses Club PLC (Morses) lent to her irresponsibly. She says she was in a vulnerable position at the time of lending and she also says the Morses agent took advantage of her. This caused her to suffer financial detriment and it also caused her a significant amount of trouble and upset.

## What happened

Our adjudicator thought the offer Morses made was reasonable. Miss J disagreed with the adjudicator's opinion. The complaint was then passed to me.

I've issued my provisional decision saying that Miss J's complaint should be upheld in part. A copy of the background to the complaint and my provisional findings are below in italics:

### *extract from my provisional decision*

*'This complaint is about nine home collected credit loans Morses provided to Miss J between September 2016 and February 2019. Some information the business has provided about the loans is as follows:*

loan number	date started	amount borrowed	term (weeks)	weekly repayments
1	11/11/2016	£300.00	33	£15.00
2	23/02/2017	£300.00	33	£15.00
3	25/05/2017	£400.00	33	£20.00
4	17/08/2017	£400.00	33	£20.00
5	01/12/2017	£800.00	52	£28.00
6	26/02/2018	£500.00	33	£25.00
7	06/11/2018	£1,200.00	52	£42.00
8	26/11/2018	£300.00	33	£15.00
9	12/02/2012	£500.00	52	£17.50

*From what I can see Miss J would borrow before she had repaid the loan she already had. She would then use part of the proceeds of the new loan to repay part of the balance of the outstanding loan. So each loan doesn't have an end date as such. And Miss J was unable to fully repay loans 7, 8 and 9.*

*Miss J has clarified that she doesn't want to complain about loan 1. She says her problems with Morses started with the agent that sold loans 2 to 9. Because of this I haven't considered the sale of loan 1.*

Morses has looked at Miss J's complaint and it agrees that it should be upheld. In its final response it said that, in summary:

- loans 2 to 9 were not provided within its guidelines and the agent had acted unprofessionally during the loan application process
- the evidence supported Miss J's allegation that the agent had completed the application process on the consumer's behalf at times, so it wasn't persuaded that Miss J was fully informed about the lending
- it couldn't verify how loans 2 and 3 were applied for
- it was also unprofessional for the agent to arrange the loan repayments by text message as this involved Miss J providing her bank details, including security codes, in this format

Because of this Morses paid Miss J compensation, it has:

- refunded the interest and charges Miss J paid on loans 2 to 9 plus interest of 8% simple
- refunded the capital amounts on loans 2 and 3 plus interest of 8% simple
- it reduced the compensation amount by the amounts Miss J still owed on loans 7, 8 and 9
- paid Miss J £500 for the distress and inconvenience the agent's actions have caused her

Our adjudicator thought that this was a reasonable way to resolve the complaint. Miss J disagreed with the adjudicator's opinion. She said that:

she didn't apply for much of the lending, it wasn't just loans 2 and 3, the representative filled in the paperwork and the loans were placed into her account without her agreeing to them

she was a vulnerable adult and feels she was pestered by Morses over an extended period of time. She says this affected both her physical and mental health. She also struggled financially to repay the loans and sometimes relied on foodbanks

Miss J has told me that due to the extent of the problems her relationship with the agent, and the lending itself, caused her she would accept a further £1,500 compensation. At present, I don't think this is unreasonable. And at Morses' request I am putting my reasons why this is in writing.

### **What I've provisionally decided – and why**

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 and high cost lending - including all of the relevant rules, guidance and good industry practice - on our website.

Looking through the file I can see that it's not clear how Miss J applied for the loans. There is a large amount of variation in the signatures on the application forms. And Morses itself says that it's likely the agent applied, at least in part, for loans 2 to 9 on Miss J's behalf.

Taking this into consideration I haven't seen any persuasive evidence that Miss J's circumstances were properly considered. And I can't reasonably say that Morses was likely

to have made proportionate checks before approving any of this lending. I note it agrees to this.

So I agree that Morses lent irresponsibly to Miss J. And I agree with the compensation it has paid in this respect. That is to refund all of the interest and charges repaid, plus interest and also to refund the capital paid on loans 2 and 3. I don't think it's reasonable to refund the capital on any of the other loans as I understand Miss J did receive them.

There doesn't seem to be any dispute that Miss J was in a vulnerable situation at the time of sale of these loans. She has explained that she has problems with both her physical and mental health. Her financial situation can be precarious at times as her only source of income is benefits. So Morses had a particular duty of care here to ensure that it treated Miss J fairly. I has agreed that it fell short of this.

But I don't agree with the compensation Morses has made for the amount of trouble and upset its agents actions caused Miss J. I think this should be significantly higher. I've detailed why this is below:

- the tone of the communication from the agent to Miss J was often inappropriate. For example in one text I have seen regarding payment Miss J made via the Morses office she says 'Oh god Hun, sorry, I didn't even notice a payment was done! Sorry Hun, I can't believe they don't give out our numbers, ridiculous! Never mind, thanks Hun. Buggers, they love taking payments as we don't get the commission'
- the agent's brother was regularly acting on Morses' behalf at the agents request. I can see that Miss J texted the agent's brother to cease contact and complained about 'being harassed'. As far as I am aware this person was not employed by, or had any other connection with Morses, other than being related to the agent. And this does point to some wider issues in respect of the treatment of Miss J's data
- the agent asked Miss J to inform Morses' 'office' or the 'auditors' that they talk face to face rather than by text. In the text of 12 March 2018 the Morses' agent says '...Just to say if anyone rings from my office this week about payment will you say we actually speak to each other? Don't say we text....' And on 23 Oct 2018 she says 'Ok Hun, our auditor is on the prowl ..., just to remind you if she rings / calls, tell her we actually speak to each other to do your payments ok. Thanks Hun ... xx'
- she regularly asked the consumer to forward her bank card details, including the security code, to her to make the loan repayments. I can see that Miss J sent the agent a picture of her bank card and told her of the security number as well as texting the detail
- one of Miss J's family members was unwell and the agent knew about this. At one point the agent suggests that Miss J might consider taking another loan due to the expenses incurred due to hospital visits to this family member. The agent says in respect of the loan '...I thought I would say as you have probably spent a fortune over the last few weeks back and for [sic] your hospital...'
- the agent informed Miss J of the details about another complaint made against her. She described this consumer as 'deluded'
- the agent seemed to offer loans without them being requested by Miss J, even though Miss J described dealing with the 'temptation' as difficult

Bearing in mind Miss J's vulnerabilities this seems to me to be far more than what Morses has described as unprofessionalism. The correspondence I have seen paints a picture of a vulnerable person being taken advantage of over a sustained period of time. The tone of the text messages above bears this out, being more appropriate for a friendship than what is intended to be a professional relationship. Miss J says she felt betrayed when she realised she was taken advantage of for financial gain. And this adversely affected her mental health.

*Miss J has also said that she felt harassed and threatened by the agent. In particular when she struggled to make the repayments she says the agent involved her brother. This clearly happened and it seems like the agent passed on Miss J's confidential data to enable her brother to request the loan repayments. It seems reasonable to say that the Morses agent did this to pressure Miss J to make the repayments when she was struggling to do this.*

*This seems to have had a considerable impact on Miss J. She has explained that she struggled financially to make the loan repayments. But because of this pressure she felt that she needed to 'put these first'. So at times she would repay the loans rather than purchase essentials and, instead for example, use foodbanks. She sometimes needed to go without items she's described as 'disability sanitary products' and other items that would help with her medical problems. I think the evidence I have seen shows the way the loans were collected significantly affected Miss J's mental health and physical wellbeing.*

*And it's also clear this was a calculated series of actions on the part of the agent as she asked Miss J to assist in hiding this from Morses' 'auditors'.*

*And further to this the agent seems to have used Miss J's financial situation and family problems to provide more loans. And Miss J felt that she couldn't refuse this, even though it would cause her financial problems. This was due to the way the agent related to her, the actions of her brother, the way she felt she was complicit in hiding the way she paid the loans to Morses.*

*Miss J has talked about the anxiety and the shame she felt about this situation. And how she couldn't see a way out of it. The long term nature of this distress, and that she had contact with the agent on a weekly basis, had severe consequences for her. She says this led to a deterioration in her mental health 'due to the worry trying to find this money repeatedly'. This, in turn, led to Miss J self harming, and she says she considered suicide. She has received support for this but has needed to increase her medication.*

*Taking all of the above into consideration there isn't much doubt to me that Miss J was taken advantage of. On reading the file I have to say it's reasonable to describe the situation Miss J found herself in as extremely difficult and I found it was genuinely concerning to read about the way Morses had acted towards her.*

*I think it goes without saying that this will have caused Miss J significant trouble and upset over time. Because of all of the above I think £2,000 compensation for this in total is reasonable. I understand that Morses has already paid £500 compensation for this part of her complaint and so I intend to require it to pay Miss J a further £1,500.'*

Morses, and Miss J, confirmed that they had received my provisional decision. Miss J accepted my provisional decision. Morses didn't agree with my provisional decision.

In response to my earlier decision Miss J, and Morses, said that the Morses agent's brother was employed by Morses. I understand he was a business manager.

As Morses, didn't agree with my provisional decision I've gone on to issue my final decision.

### **What I've decided – and why**

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

The only substantive comment to my provisional decision, by both parties, was that the Morses agent's brother, that had contacted Miss J, was employed by Morses. In my earlier decision I said that, as far as I could see, the Morses agent's brother wasn't connected with Morses. So this part of my provisional decision wasn't correct.

I've thought about this new information (to me), but it hasn't changed my decision about Miss J's complaint. The reason I thought Miss J's complaint should be upheld was because of the obvious distress this situation caused her. The fact that the agent's brother was employed by Morses doesn't appear to have altered this in any way. In fact it would have been reasonable for Miss J to have thought that another member of staff would've prevented some of the actions the Morses representative took. But this doesn't seem to have happened.

So, having reconsidered everything again, I've reached the same conclusions I reached before, for the same reasons.

### **Putting things right**

Morses should pay Miss J £1500 compensation.

### **My final decision**

For the reasons I've explained, I partly uphold Miss J's complaint.

Morses Club PLC should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 25 March 2020.

Andy Burlinson  
**Ombudsman**