

The complaint

Mr L is unhappy about a loan he has with Morses Club PLC.

What happened

Mr L took out a £100 loan from Morses Club in April 2019. He thinks Morses Club shouldn't have given him the loan. He also thinks he shouldn't have to repay the loan because Morses Club's agent said he didn't have to.

Morses Club agreed to write off all the interest so that Mr L only had to repay what he had borrowed. Mr L had already repaid £95, so this left Mr L with £5 to repay. Mr L didn't think he should have to repay the £5.

Mr L didn't accept Morses Club's offer - so his complaint was passed to me to decide.

What I've 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 lending - including all of the relevant rules, guidance and good industry practice - on our website.

The offer Morses Club has made to settle this complaint is in line with this service's usual approach to complaints about irresponsible lending. So I've thought about whether Morses Club should do anything differently here. But I can't see any reason why it would be fair for Morses Club to write off any of the £100 Mr L originally borrowed.

I understand that Mr L says Morses Club's collection agent told him he didn't have to repay the loan. But I've not seen clear enough evidence that Mr L was told specifically that any of the £100 he borrowed was being permanently written off. And as Mr L had the use of that money, I think it's fair he should repay it. I've not seen evidence that repaying the remaining £5 would cause Mr L any financial difficulty.

So my final decision is that Morses Club's offer to write off the interest and charges for this loan, so that Mr L only has to repay the £100 he borrowed, is fair.

My final decision

My final decision is that Morses Club's offer to settle this complaint is fair. If Mr L accepts this decision, Morses Club should put in place its offer.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 22 July 2020.

Matthew Bradford
Ombudsman