

## The complaint

Miss A says Morses Club PLC lent to her irresponsibly.

## What happened

This complaint is about eight home collected loans Morses provided to Miss A between November 2019 and January 2021. Some of the information I have been provided about the lending is in the table below.

loan	date taken	amount	instalments	date repaid
1	08/11/2019	£250	34	28/04/2020
2	22/01/2020	£300	34	13/07/2020
3	28/04/2020	£250	34	11/09/2020
4	01/05/2020	£100	34	05/09/2020
5	13/07/2020	£300	34	06/01/2021
6	15/09/2020	£400	34	outstanding
7	01/12/2020	£400	53	outstanding
8	06/01/2021	£300	34	outstanding

Morses has considered Miss A's complaint. It thought that it hadn't lent irresponsibly for loans 1 to 3. But it said that it shouldn't have approved loans 4 to 8. It offered to calculate compensation in respect of these loans. This led to a proposed reduction in the amount Miss A owed for loans 6 to 8. Miss A didn't accept this offer.

Our adjudicator didn't uphold the complaint. He didn't think that Morses had lent irresponsibly for loans 1 to 3. And he thought the offer Morses had already made in respect of loans 4 to 8 was reasonable.

Miss A disagreed with the adjudicator's opinion. She said Morses only asked for relevant information for loan 1. She thought it should have asked for more information before approving loans 2 and 3.

As no agreement has been reached the complaint has been passed to me.

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

Morses 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 A 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.

But certain factors might point to the fact that Moses should fairly and reasonably have done more to establish that any lending was sustainable for the consumer. These factors include:

- the *lower* a customer's income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the *greater* the number and frequency of loans, and the longer the period of time during which a customer has been given loans (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable.

### **Loans 1 to 3**

I've seen a record of the information Miss A provided when she completed her applications for these loans. Miss A's weekly income was recorded as being around £300 to £350. She had regular weekly outgoings of around £250. So, it would've been reasonable for Moses to think that the loans were affordable for Miss A

Miss A feels that Moses should have made more in-depth checks before lending. But given the amounts borrowed against her income, and that that it was early in the lending relationship, I don't think it's reasonable to say Moses should have looked into her finances in more detail, or asked her to verify any details.

I haven't seen any further information that shows its likely Moses was made aware of any financial problems Miss A might've been having. Or anything that would've prompted it to investigate her circumstances further. So, I think it was reasonable for Moses to rely on the information it obtained.

Overall, in these circumstances, I think the assessments Moses did for loans 1 to 3 were proportionate. So, I think Moses' decisions to approve these loans was reasonable and I'm not upholding Miss A's complaint about them.

### **Loans 4 to 8**

Miss A didn't disagree with the offer Moses has made in respect of loans 4 to 8. And it is the same as I would award if I were to uphold the complaint. So, my decision is that this offer is a reasonable way to resolve this complaint. And I recommend that Miss A accepts it.

It looks likely that after any compensation is calculated that Miss A will still need to repay some of the capital she borrowed. I would remind Moses of its responsibility to treat Miss A fairly in this regard.

### **My final decision**

For the reasons set out above, I don't uphold Miss A's complaint.

If Miss A accepts my decision, Morses should recalculate the offer it has already made to Miss A (if it needs to) and implement it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 7 January 2022.

Andy Burlinson  
**Ombudsman**