

## The complaint

Mr M says Moses Club PLC lent to him irresponsibly. He says that proper affordability checks weren't undertaken before the lending was approved. He says if they had been, then Moses wouldn't have lent to him.

## What happened

Our adjudicator thought the complaint should be partially upheld. Moses disagreed with the adjudicator's opinion. The complaint was then passed to me.

I issued my provisional decision saying that Mr M's complaint shouldn't be upheld. A copy of the background to the complaint and my provisional findings are below in italics and form part of this final decision.

*This complaint is about three home collected loans Moses provided to Mr M between July 2013 and February 2015. Some of the information provided about this lending is in the table below. The loans were paid weekly.*

loan	date taken	amount	instalments	date repaid
1	29/07/2013	£400	50	30/06/2014
2	30/06/2014	£400	50	17/02/2015
3	20/02/2015	£500	50	14/12/2015

*Our adjudicator partially upheld the complaint. He thought that the lending pattern was harmful by loan 3 and it was likely that Mr M was dependent on this lending.*

*Moses disagreed with the adjudicator's opinion. It said that the loans were affordable and the repayments to them were very low, Mr M didn't have more than one loan running at the same time, the loans didn't increase very much and three loans in 18 months wasn't excessive.*

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

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

*I've considered all the available evidence and arguments to provisionally 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.*

*Moses 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 Mr M 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.*

*I'm currently not minded to uphold Mr M's complaint and I'll explain why below.*

*For loan 1 Mr M needed to repay around £14 a week for 50 weeks and this was the same for loan 2. The repayment rose to £17 a week for loan 3.*

*Due to the length of time that has passed there isn't a complete record of the information that Mr M provided to Moses before it approved these loans. It has said that Mr M's disposable income was recorded as being £150 before loan 3 was granted. And I've seen no persuasive evidence that his circumstances changed materially over the lending period. So, on balance, I think it would've been reasonable for Moses to think that Mr M could afford the loan repayments he was committed to making.*

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

*Our adjudicator said that the lending pattern itself showed that Mr M was struggling financially and that he was likely to be reliant on the lending. But the repayments seem reasonable and the loan amounts didn't vary by much. And looking at the account statements Moses has provided it seems that Mr M wasn't having any obvious problems making the repayments. In fact, he seems to pay more than he needed to at times and he did repay all of these loans early. I agree that 18 months is a reasonably long time to be using high cost credit, but taking everything else into consideration I don't think this means the lending was unsustainable in this case. So, I don't think it's reasonable to say that Mr M was reliant on this lending and it wasn't causing him significant problems.*

*I have taken on board that Mr M has said he was struggling financially. But this was for a number of reasons and not solely due to this lending. I hope things have improved for him.*

*So overall, in these circumstances, I think the assessments Moses did for these loans were proportionate. And I currently think its decision to lend for loans 1 to 3 was reasonable. I'm not intending to uphold Mr M's complaint about them.*

Moses, and Mr M via his representative, received my provisional decision. And no one had anything to add after they'd seen it.

### **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.

Morses and Mr M didn't raise any new points after receiving my provisional decision. So, I've reached the same conclusions I reached before, for the same reasons. My decision is still that the checks Morses made were proportionate and showed this lending was likely to be affordable or Mr M. I don't think it lent irresponsibly.

### **My final decision**

For the reasons set out above, I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 19 November 2021.

Andy Burlinson  
**Ombudsman**