

## The complaint

Mrs B says Morses Club PLC lent to her irresponsibly. She says that the Morses loans caused her financial difficulty. Morses should have seen this and not lent to her.

## What happened

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

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

*This complaint is about four home collected loans Morses provided to Mrs B between June 2018 and December 2019. Some of the information I have been provided about the lending is in the table below.*

<i>loan</i>	<i>date taken</i>	<i>amount</i>	<i>instalments</i>	<i>date repaid</i>
<i>1</i>	<i>08/06/2018</i>	<i>£400</i>	<i>33</i>	<i>15/12/2018</i>
<i>2</i>	<i>15/12/2018</i>	<i>£400</i>	<i>33</i>	<i>13/06/2019</i>
<i>3</i>	<i>13/06/2019</i>	<i>£400</i>	<i>33</i>	<i>09/12/2019</i>
<i>4</i>	<i>09/12/2019</i>	<i>£600</i>	<i>53</i>	<i>outstanding</i>

*Our adjudicator partially upheld the complaint. He thought that by loan 4 the lending pattern itself showed that Mrs B was probably not repaying her loans sustainably. So, he thought that Morses shouldn't have approved this loan.*

*Morses disagreed with the adjudicator's opinion. It said that it didn't think that the lending pattern itself demonstrated that the lending was unsustainable. And its checks showed that all of the loans were affordable for Mrs B. So, it didn't think it should pay compensation for loan 4.*

*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 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 Mrs B 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've provisionally decided not to uphold Mrs B's complaint and I've explained why below.*

*I've seen a record of the information Mrs B provided when she completed her loan application. Mrs B said she had a weekly income of £398 for loan 1, this fell to around £300 for loans 2 and 3 and then £270 for loan 4. She had regular weekly outgoings of £250 for loan 1, this also fell to around £185 for loans 3 and 4 and to £120 for loan 4. So, it would've been reasonable for Moses to think that Mrs B could afford the loan repayments.*

*I haven't seen any further information that shows its likely Moses was made aware of any financial problems Mrs B might've been having. Or anything that would've prompted it to investigate her circumstances further.*

*It could be said that Moses should've made better checks before approving loan 4. But I've not seen any indication that more detailed checks would've led to Moses not approving this loan. 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 Mrs B was struggling financially and that she 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 information Moses has provided it seems that Mrs B didn't have any obvious problems repaying the loans until sometime into the term of loan 4.*

*I do agree that around 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 Mrs B was reliant on this lending and it wasn't causing her significant problems when Moses approved the loans.*

*So overall, in these circumstances, I think the assessments Moses did for loans 1 to 4 were likely to be proportionate. And I currently think its decision to lend for loans 1 to 4 was reasonable. I'm not intending to uphold Mrs B's complaint about them.*

Moses, and Mrs B, received my provisional decision. Moses didn't have anything to add.

Mrs B, didn't entirely agree with my provisional decision. She didn't really comment on the sale of the loans. But she did outline some her circumstances since the loans were sold that has made repaying loan 4 difficult.

### **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.

Mrs B didn't raise any new points about the sale of the loans after receiving my provisional decision. So, I've reached the same conclusions I reached before, for the same reasons. I don't think that Moses lent irresponsibly when it approved loans 1 to 4 and I'm not upholding Mrs B's complaint about them. I won't add anything further to this.

Mrs B has said that some family problems she's been having have caused her difficulty in repaying loan 4. I understand she has nearly repaid the loan in full. I've thought about what she has said and it seems to concern events that took place after the sale of the loans. And so it doesn't affect my findings about whether Moses irresponsibly lent or not.

That said, I can see Mrs B has been through a difficult time and I hope things have improved for her. And I also hope my decision does not cause any upset.

Finally, I will remind Moses of its responsibility to treat Mrs B fairly if she still has money to repay on loan 4.

### **My final decision**

For the reasons set out above, and in the provisional decision, I don't uphold Mrs B's complaint.

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

Andy Burlinson  
**Ombudsman**