

## The complaint

Mrs B says Morses Club PLC lent to her irresponsibly. She says that she was in a poor financial position and she couldn't afford the loan repayments. She thinks that Morses should've seen this and not lent to her.

## What happened

This complaint is about one home collected loan Mrs B started in August 2019. Mrs B borrowed £300 and she was due to make 33 repayments of £15.

Our adjudicator didn't uphold the complaint. He didn't think that Morses had lent irresponsibly when it provided this one loan.

Mrs B's representative told the adjudicator that she wasn't happy with this outcome, but they didn't say why this was.

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 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 Morses 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 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 monthly income of £136 and she had regular monthly outgoings of £10. So, it would have been reasonable for Morse to think that Mrs B could afford the loan repayments.

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

Having looked at the information Morse gathered it does show that Mrs B had some financial difficulty in the past. And these problems looked to have been significant. But they were a reasonable time before this loan started. And Mrs B hasn't provided any evidence that shows she was still in difficulty when she borrowed from Morse.

So overall, in these circumstances, I think the assessments Morse did for this loan were proportionate. And I think its decision to lend was reasonable. I'm not upholding Mrs B's complaint about it.

### **My final decision**

For the reasons set out above, 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 14 January 2022.

Andy Burlinson  
**Ombudsman**