

## The complaint

Ms J, through her representative, complains that Morses Club PLC lent to her irresponsibly.

## What happened

Ms J had been borrowing from Morses or had borrowed from a company subsequently taken over by Morses, for several years. Neither Ms J nor Morses has been able to send to us any information about the loans apart from the last six. Those last six are set out here in a brief table.

<i>loan</i>	<i>date taken</i>	<i>date repaid</i>	<i>amount borrowed</i>	<i>term</i>	<i>weekly rate</i>
38 (1)	17/05/2013	24/04/2014	£300	50w	£10.50
39 (2)	24/04/2014	17/04/2015	£350	50w	£12.25
40 (3)	17/04/2015	15/04/2016	£300	50w	£10.50
41 (4)	22/04/2016	25/11/2016	£200	33w	£10
42 (5)	25/11/2016	21/07/2017	£200	33w	£10
43 (6)	21/07/2017	16/03/2018	£200	33w	£10

I had no information about the earlier loans from either party and so I was not able to review them.

Morses has told us that it has no information from any credit searches it may have done for Ms J. And so, we asked Ms J for copies of several things such as bank statements, copy of her credit file, and other details. Ms J has told us that she cannot obtain any of those and we are to proceed with the information we have.

One of our adjudicators thought by loan 5 Morses ought to have ceased lending so he thought that Morses ought to put things right for Ms J for loans 5 and 6.

Morses disagreed with our adjudicator's view and gave several reasons as to why it did not agree, all of which I have reviewed.

Ms J did not appear to disagree with our adjudicator's view in that her representative had received our adjudicator's view and had written to ask us for an update but said nothing further. It seemed that Ms J agreed with the adjudicator's outcome. And so, I reviewed loans 5 and 6, as the two remaining disputed loans, within the context of the overall lending relationship.

On 21 July I issued a provisional decision giving reasons why I did not plan to uphold the complaint. I had reviewed the details surrounding Ms J's finances at the time of approving the loans 5 and 6 and I disagreed with the adjudicator's view on loans 5 and 6.

Since then, both parties have responded and neither has anything further to send or to add. In the circumstances I have no reason to alter my provisional findings which were the same as those set out in this decision. These make up my final decision on the complaint.

### **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 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 Ms J 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. 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 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.

And the loan payments being affordable on a strict pounds and pence calculation might be an indication a consumer could sustainably make their repayments. But it doesn't automatically follow this is the case. The industry regulator defines sustainable as being without undue difficulties and in particular, the customer should be able to make repayments on time, while meeting other reasonable commitments; as well as without having to borrow to meet the repayments. And it follows that a lender should realise, or it ought fairly and reasonably to realise, that a borrower won't be able to make their repayments sustainably if they're unlikely to be able to make their repayments without borrowing further.

I have decided not to uphold Ms J's complaint and have explained why below.

Using the brief information we have about Ms J and her financial circumstances for the last two loans, it seems that her income increased, the amount Ms J asked for was reducing to £200, the terms were shorter – 33 weeks rather than 50 weeks – and the weekly repayments had reduced slightly.

Here is a duplication of the information we have about Ms J's income and expenditure from Morses' records and in the absence of anything else, I have relied on these figures.

loan	income	expenditure	disposable income
1	£0.00	£0.00	£0.00
2	£0.00	£0.00	£0.00
3	£300.00	£220.00	£80.00
4	£346.15	£162.38	£183.77
5	£277.00	£108.00	£169.00
6	£473.00	£297.00	£176.00

So, I cannot see that Moses did anything wrong when assessing that Ms J was able to afford £10 each week for loans 5 and 6. The loans do not overlap. I have reviewed Ms J's payment history and I do not see anything there which likely would have caused concern to Moses to suggest that Ms J was struggling with the loans. Ms J appears to have repaid regularly, on time or early and I see no evidence of reliance there.

I have looked at the submissions put forward by Ms J's representative, particularly a document which is an excel spreadsheet named '*validation report*'. One of those pages on that spreadsheet lists many other loans by other lenders, with start dates from December 2015 through to November 2018 and end dates ranging from November 2016 to April 2019. There's little explanation about that spreadsheet and I gathered that the implied submission on Ms J's behalf was that Ms J had lots of other debt around the time she was borrowing from Moses.

But there's no explanation and no verification about these loans and so I attach little weight to that '*validation report*'. All I have is a list of other lender names and loan dates.

The puzzling element is that this information on that excel spreadsheet must have come from a credit file of some kind or Ms J's own records. Before I issued my provisional decision we had asked Ms J for additional documentation to substantiate some of the aspects of this complaint about Moses: nothing further was sent to us.

I referred to this list of other lenders in my provisional decision dated 21 July 2022 but since then neither Ms J nor her representative has explained further or said anything to elucidate on it. Ms J's response through her representative was

*'We do not have any more information to Add To [sic] this complaint please continue with complaint of the Ombudsman's Decision.'*

So, without any verification of that list of other lenders, referred to as a '*validation report*' then I attach little weight to it.

On current evidence I do not think that Ms J was unable to afford the loan repayments for loans 5 and 6.

And on current evidence I do not think that the pattern of lending was of a kind that I am persuaded that Moses ought to have known Ms J was reliant or otherwise not able to sustain the repayments and that it ought to have ceased lending at loan 5.

### **My final decision**

My final decision is that I do not uphold Ms J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 13 September 2022.

Rachael Williams  
**Ombudsman**