

## The complaint

Ms W complains that Morse Club PLC irresponsibly lent to her.

## What happened

The details of this complaint are set out in the provisional decision I issued on 20 June 2022 where I explained I was inclined to reach different conclusions to the adjudicator. I gave both parties an opportunity to provide comments and further evidence before I made a final decision.

The findings in my provisional decision are below:

<b>Loan</b>	<b>Start date</b>	<b>End date</b>	<b>Capital amount</b>	<b>Interest amount</b>	<b>Term</b>	<b>Repayment amount</b>
1	28/06/2018	09/02/2019	£400.00	£260.00	33	£20.00
2	09/02/2019	22/08/2019	£400.00	£260.00	33	£20.00
3	22/08/2019	18/04/2019	£400.00	£260.00	33	£20.00
4	18/08/2020	10/04/2021	£400.00	£280.00	34	£20.00
5	05/12/2020	01/10/2021	£200.00	£140.00	34	£10.00

## What happened

*This complaint is about five home credit loans Morses provided to Ms W between June 2018 and December 2020. Ms W's borrowing history is as follows:*

*Our adjudicator partly upheld Ms W's complaint and thought that loan five shouldn't have been lent. Morses disagreed and the complaint was 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 short-term 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 Ms W could repay the loans without suffering adverse financial consequence. 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 it lent responsibly to the consumer. These factors include:*

- the lower a consumer'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 harmful.*

*I think that it is important for me to start by saying that Moses was required to establish whether Ms W could repay her loans without suffering adverse financial consequences – not just whether the loan payments were affordable on a strict pounds and pence calculation. The adjudicator didn't recommend that loans 1 – 4 should be upheld and Ms W hasn't disagreed and so there isn't a continuing discount about those loans. My decision is focused on loan 5.*

*By the time of loan 5, Ms W had been borrowing from Moses for over two years, I can see that during the lending period there was a gap of around four months between when she repaid loan 3 and when she took out loan 4. As she'd been indebted for over two years to Moses by this stage, I don't think it could reasonably be believed that her circumstances had improved during this four-month break. I don't think that gap was sufficient to break the lending chain.*

*Looking at the overall circumstances of the lending relationship here, it doesn't suggest that loan 5 was harmful to Ms W. Her previous loans had all been the same amount and this loan was less than previous loans, she had a break in the lending and while I don't think the break was long enough, it doesn't in my view meet the threshold to show Ms W was dependent on credit. However, the circumstances of her lending relationship should have prompted Moses to take its checks further before agreeing this loan, especially as it was overlapping with loan 4 and would have been increasing her repayment amount. Moses could have taken its checks further by verifying some of the information Ms W provided either through bank statements, payslips or some other form of verification of her financial circumstances and as it hasn't done that, I don't think it did enough before lending.*

*We've asked Ms W to provide copies of her bank statements from the time of the lending but as she hadn't provided that information, I don't know what Moses would have seen had it taken its checks further and so I can't say it lent when it shouldn't have.*

The deadline to respond has now passed and neither party has provided further evidence or comments.

### **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.

Having reconsidered my decision, I see no reason to depart from my provisional findings.

For the reasons given here and in my provisional decision, I won't be asking Moses to do anything further.

### **My final decision**

I do not uphold Ms W's complaint or make any award against Morse Club PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 3 August 2022.

Oyetola Oduola  
**Ombudsman**