

## The complaint

Mr V complains about two home credit loans. He says Morses Club PLC irresponsibly lent to him.

## What happened

I issued a provisional decision where I set out the details of this complaint. That decision forms part of my final decision and should be read in conjunction with it.

In my provisional decision, I explained why I was inclined to reach different conclusions to the adjudicator. The key aspect of my provisional decision are set out in italics below;

*“I’ve carefully considered all of the arguments, evidence and information provided in this context and what this all means for Mr V’s complaint. Morses has agreed it shouldn’t have lent loan 2 as there isn’t a continuing dispute about this loan, I’ve focussed my decision on loan 1.*

*The adjudicator placed a lot of weight on Morses’ cover letter to this service where it said: “For loans issued after the 26th February 2018 we would always verify the customer income using data provided by the Credit Reference Agencies (CRA), should we have been unable to verify the data via this method, there was a requirement for the Agent to verify the customers income through appropriate documentation which we will have recorded on our system (should you require these document reference numbers please let us know).”*

*The above statement from Morses in my opinion doesn’t mean it requests banks statements as a matter of course but says it will do so if it has been unable to verify the data through the credit reference agencies.*

*When this service requested further information from Morses it said it had provided all the documents it had and said it didn’t request Mr V’s bank statements when it lent. Morses provided the results of a credit search and information of the figures it used to work out Mr V’s income and living costs.*

*In this early stage of the lending relationship, I wouldn’t have expected Morses to take its checks further by requesting bank statements. I say this because, Morses’ checks showed Mr V’s verified income was around £550 per week and his expenses were around £220, this left him with sufficient disposable income to repay loan 1. I’ve also looked at the results of Mr V’s credit search and there wasn’t anything that I think should have prompted Morses to take its checks further. This was Mr V’s first loan with Morses (I haven’t evidence of any previous lending relationship) and the repayment was a small fraction of his income, the reasonable checks showed he was able to repay the loan over its term.”*

I gave both parties an opportunity to respond with further evidence and comments. The deadline has now passed. Morses responded to say it had nothing further to add but there has been no response from Mr V or his representative.

## **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 all the information and as neither party has provided any further evidence or comments that changes my mind, I see no reason to depart from the findings in my provisional decision.

I don't think it was wrong for Morses to lend loan 1 and as it has agreed it shouldn't have lent loan 2, it needs to put things right.

### **Putting things right – what Morses needs to do;**

- remove all interest, fees and charges applied to loan 2,
- if it results in an overpayment, Morses should add interest at 8% per year simple on the payments from the date they were paid, if they were, to the date of settlement†;
- if there's still a balance outstanding Morses should agree a suitable repayment plan with Mr V to repay the capital borrowed,
- remove any negative information about loan 2 from Mr V's credit file once the loan has been fully repaid.

†HM Revenue & Customs requires Morses to take off tax from this interest. Morses must give Mr V a certificate showing how much tax it's taken off if he asks for one.

### **My final decision**

For the reasons given above, I uphold Mr V's complaint in part and direct Morses Club PLC to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 19 July 2023.

Oyetola Oduola  
**Ombudsman**