

## **The complaint**

Mrs H complains that Morses Club PLC irresponsibly gave her a fixed sum loan agreement she couldn't afford to repay.

## **What happened**

Mrs H applied for a loan with Morses in September 2022. The loan was for £300. Mrs H was required to make 39 weekly repayments of £14.22.

Mrs H complained in 2023 to say that the loan was unaffordable to her from the outset and that Morses shouldn't have lent to her. Morses didn't think it had acted unfairly and said it had completed adequate checks before lending which showed no affordability concerns.

Our adjudicator didn't recommend the complaint be upheld. She thought Morses had gathered a reasonable amount of evidence and information prior to lending to Mrs H and these checks didn't reveal any concerns.

Mrs H didn't agree, so the complaint has been passed to me for a decision.

## **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.

Prior to lending to Mrs H, Morses were required to complete reasonable and proportionate affordability checks. What is proportionate will vary with each lending decision as there isn't a set list of checks that had to be completed in every case. In deciding what was proportionate, Morses needed to take into account things such as (but not limited to): the size of the loan, the total repayable, the term, the size of the regular repayments, the cost of borrowing and Mrs H's circumstances.

Mrs H declared that she had a weekly income of £450, which Morses says it checked with a credit reference agency. I've not seen evidence of that check, but Mrs H doesn't appear to have disputed that figure, so I've not seen any reason to doubt that this was accurate. She also declared weekly expenditure of around £204.

In addition to this, Morses completed a credit check. This showed that Mrs H had seven historic defaults, although the most recent of these took place in December 2018 – nearly four years earlier. Other than this, she held one current account (which was in a positive balance) and a hire purchase agreement that would be repaid in full shortly.

I've taken into consideration that this loan was for a relatively low amount, to be repaid over a reasonably short term. The repayments were not significant and what Mrs H had declared about her financial circumstances (and what Morses had been able to evidence from credit reference agencies) indicated that the loan was likely to be affordable to her.

I acknowledge Mrs H still had balances outstanding on those defaulted accounts that Morses could see. However, even when taking into account reasonable regular repayments towards

those debts, it would still have appeared to leave Mrs H with sufficient disposable income to meet all of her commitments without difficulty. I therefore don't think Moses acted unfairly when it lent to her, nor do I think it would have been proportionate for it to have done more thorough checks in this case.

I accept that the loan might not have been affordable to Mrs H. However, from everything she had told Moses and from everything it could see, that didn't appear to be the case. I'm not therefore persuaded it acted unfairly in lending to her. If Mrs H is struggling to meet her repayments now, she should discuss this with Moses. I remind Moses of its obligation to treat her fairly if she is experiencing financial difficulty.

### **My final decision**

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 5 December 2023.

Tero Hiltunen  
**Ombudsman**