

complaint

Miss S complains Morses Club PLC (Morses) was irresponsible to lend her money. She says she was able to take out numerous loans without proper checks being conducted. Miss S would like Morses to refund the interest she's paid and to compensate her for being deprived of the use of the money.

background

Miss S took numerous loans with Morses over 15 years or so. She says:

- she took the first when an agent called selling loans. She's taken further loans since.
- she struggled to repay them as she was sometimes unemployed and often in arrears.
- as she was a 'regular' she wasn't asked to provide proof that she could afford the loans. The only time she was asked to prove her income was for the first loan. She thinks more checks should have been made.

Morses have looked into Miss S's complaint and provided their final response. They've said:

- an agent visited Miss S at home for each loan and affordability checks were carried out. Miss S signed to confirm her income and expenditure on each application.
- each application shows a disposable income of between £50 and £150 per week.
- the weekly repayments across the loans ranged from £15 to £51.50.
- the loans ranged from £100 to £900 and Morses believe the checks they made were proportionate to the amounts lent.

Morses acknowledged that some of Miss S's loans ran into arrears, but said they don't charge additional fees or interest for late payments, and haven't registered any defaults with credit reference agencies. Once they saw Miss S's accounts falling in to '*significant arrears*' they didn't lend any more. Morses concluded that they had carried out appropriate checks and Miss S had signed to confirm the information provided was correct. They didn't uphold Miss S's complaint.

Miss S referred her complaint to us and one of our investigators looked into it. She considered the checks that were carried out before the loan was agreed and felt that Morses were entitled to rely on the information Miss S gave them while carrying out the checks. She said if Miss S was experiencing difficulties, she'd have expected Miss S to raise this with Morses – she'd seen no evidence that Miss S did.

Our investigator didn't uphold Miss S's complaint. As Miss S didn't agree her complaint has been passed to me for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I can understand why Miss S feels Morses have acted irresponsibly by lending to her as she's had a number of loans over a long period of time. But I have to consider whether Morses carried out sufficient checks before agreeing to make the loans. It's important to understand that affordability is judged on circumstances at the time the loan was made.

I've seen a number of applications for loans. Included on each application form is her declaration of her income and expenditure – as well as an indication of how much she felt she could afford to spend each week. The forms say *'I confirm that this is an accurate representation of my current income and outgoings and that I can afford the weekly payments of this loan.'* Miss S has signed each one. The repayments for each loan are covered by the disposable income Miss S has declared.

Miss S has told me that Moses checked her income on her first application but didn't for subsequent loans. But having confirmed her income at the outset and subsequently received repayments, Moses asked her to declare her information was correct. Given the size of the loans were relatively modest I think Moses were entitled to rely on what Miss S told them.

Miss S has sent me copies of her bank statements for the last few years while she was taking the loans. While there doesn't appear to be a great deal of activity – money paid in is generally drawn in cash shortly afterwards for much of the time – the account remains in credit with the exception of a few pence on occasion. So I don't think it's evident from the statements that Miss S was struggling financially and unable to afford the repayments she'd agreed to make to Moses. That's not to say I don't believe Miss S found it difficult, simply it's not evident from the statements she's provided.

Miss S has said she was unemployed when she took some of the loans. I asked her for information about this unemployment, but unfortunately I've not received further details. In any event, as I've said, the bank statements and application forms I've seen don't appear to indicate any particular financial difficulties. And I don't think it would be reasonable for me to say that Moses shouldn't lend to people purely because they're out of work.

While I know Miss S will be disappointed, I don't think I can reasonably say it was irresponsible for Moses to lend to her so I'm not upholding her complaint.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 4 June 2018.

Richard Hale
ombudsman