

## **complaint**

Mr T complains that loans made to him by Morses Club Limited were unaffordable. He also says on one occasion he only received £100 - not £200 as stated on the agreement. He wants all the interest on his loans refunded and for the £100 to be paid to him. He asks for any defaults in relation to these loans to be removed from his credit file.

## **background**

Mr T tells us he's taken out several loans from Morses Club - but only before the first one were his wage slips checked. He feels if more checks had been carried out they'd have shown he was unable to afford these loans. He feels the loans have left him trapped in a spiral of debt. And he says in respect of the latest loan he only received £100 from the agent - not the £200 the account statement says.

Morses Club told us that for each new loan a Standard European Consumer Credit Information (SECCI) form is completed and the customer given a copy. This sets out all the key features of the product. It said affordability checks were carried out each time - with its agent and Mr T both present. The income and expenditure declaration which it said were signed by Mr T had stated an income surplus of between £160 and £400 per week. As the loans offered only ranged from £100 - £300 and there was a maximum repayment on active loans of between £15 and £40 per week - it felt its affordability checks were proportionate for the amounts of loan involved. It said both its local branch and the complaint handler had tried to contact Mr T over his concerns about the agent issuing an incorrect amount of money - but he'd not replied.

Mr T wasn't happy with this and complained to us.

The investigator did not recommend this complaint should be upheld.

She found that Mr T had taken out four loans over a seven month period. She'd not seen any bank statements so wasn't able to say what expenditure these would have shown. But she had seen wage slips and income and expenditure declarations made by Mr T when taking the loans. Based on the disposable income and affordability figures provided by Mr T the loans appeared to be well within his capacity to repay. So she didn't think Morses Club had acted unfairly. In respect of the "missing" funds she was unable to say what had happened at the point of sale - so had to make her decision on the evidence she'd seen and what was *likely* to have happened. She'd been shown two text messages. The first of which referred to £100 but the second, sent on the day of the loan, said "is it ok to do the £200 today?" So she wasn't persuaded the loan should've been for £100 and didn't think Morses Club had acted unfairly.

Mr T asked for an ombudsman to make the 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 understand why Mr T is concerned about his financial situation - having viewed his credit file I can see why he feels he's trapped in a "spiral of debt". I'm sorry this situation has arisen and I acknowledge the distress that can be caused by debt.

But in respect of complaints about unaffordable lending we judge the situation based on what a lender knew - or ought reasonably to have been aware of - at the time the loan was issued. And whether the lender carried out sufficient and proportionate checks relative to the amount of the loan.

I've seen the wage slips that Mr T has provided and I've seen the details he gave regarding his income and expenditure at the times these loans were made. Based on this evidence there does appear to be a considerable surplus of income over declared expenditure - and it's not apparent that the weekly repayment amounts wouldn't be readily affordable. So given the amounts of loan involved I think the checks were sufficient and proportionate. I also note that Mr T didn't indicate he had other loans, apart from existing Moses Club loans, on the agreements he signed.

As far as the "missing" £100 is concerned - as I wasn't present - I'm not able to say how much was handed over. But the text message which the investigator referred to clearly shows Mr T was asking for £200 - and the loan agreement sets out this amount. So whilst I'm not saying who is right or wrong I think it's more *probable* that £200 was the sum that Mr T received. And that Moses Club was entitled to seek repayment.

So I'm in agreement with the investigator - and for the same reasons - that this complaint should not be upheld. It follows that it would not be fair and reasonable of me to require the information recorded accurately on Mr T's credit file to be removed.

I'm aware that this will disappoint Mr T but I've asked the investigator to send him details of agencies which can provide free debt advice - and I hope he's able to work out arrangements to relieve the difficulties he currently faces.

### **my final decision**

For the reasons given above I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 9 November 2017.

Stephen D Ross  
**ombudsman**