

complaint

Mr A complains that Morses Club PLC engaged in irresponsible lending to him.

background

Mr A says if relevant checks had been carried out when he took out his loans MC would've known the lending was unsuitable when he was still in an IVA with considerable late payments, payday loans and defaults. He says MC's advertising says it carries out a credit check before making loans. And he says it didn't do this in his case.

So, Mr A says he wants MC to wipe the defaulted account information from his credit file and refund any sums he's paid it, together with 8% interest.

MC says every application for credit undergoes affordability checks. It says these are signed by the applicant who confirms it's an accurate representation of his current income and outgoings; that he can afford the weekly repayments; and that he has no reason to believe his circumstances may change within the next 12 months.

MC also says for the three loans Mr A took out, his income and expenditure declarations show an income surplus of between £192 and £435 per week. It says his maximum weekly repayment across his loans ranged from £10 to £20 at any one point. And it says it believes its checks are suitably proportionate to the amount of the loans, which ranged from £200 to a maximum of £400.

In addition, MC says as a responsible lender it completed affordability checks on the loans issued to Mr A and he signed to confirm the information he provided was correct. So, it says it doesn't believe it was inappropriate to issue the loans on the information Mr A gave it.

Mr A complained to MC about this matter. And, being unhappy with its response, he complained to this service.

Our adjudicator thought Mr A's complaint shouldn't be upheld.

Mr A disagreed with the adjudicator's conclusions. So, the matter's been referred to me to make 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've decided not to uphold Mr A's complaint and I'll explain why.

I see Mr A took out a loan of £200 from MC in February 2015, with a total amount payable of £340 by weekly instalments of £10. He took out a further £200 loan in May 2015 which also had a total amount payable of £340 by weekly instalments of £10. And he took out a third loan in November 2015. This loan was of £400 with a total amount repayable of £600 by weekly instalments of £20.

There's not a set list of checks that a lender must carry out before making a loan. Rather, the checks should be proportionate to the circumstances, including the amount of the loan.

I've seen the affordability checks that were carried out before all three of Mr A's loan applications were approved. And I see the information he gave MC about his income and expenditure showed he had a weekly disposable income of between £182 and £415, taking into account his loan repayments to MC.

I think these checks were proportionate to the amounts of each of the three loans Mr A took out. I think it was reasonable for MC to conclude the loans were affordable to Mr A, based on the information he gave it. And I think MC was entitled to rely on his signed declaration in each case about his income, expenditure and financial circumstances.

So, I don't think MC's done anything wrong. And this means I can't uphold Mr A's complaint.

my final decision

I don't uphold Mr A's complaint against Morses Club PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask **Mr A to** accept or reject my decision before 30 June 2018.

Robert Collinson
ombudsman