

## **complaint**

Mrs F complains WDFC UK Limited (trading as Wonga.com) was irresponsible to lend her money when she was experiencing financial problems.

## **background**

Miss F took out four payday loans with Wonga. She doesn't think it did enough to ensure she could pay the money back - and it shouldn't have provided loans she couldn't afford.

Our adjudicator asked Wonga for information about Mrs F's accounts but it didn't provide very much. So she looked at all the available evidence, and recommends this complaint should be upheld. She says

- Mrs F was earning about £800 a month when she first applied to Wonga and her first two smaller loans probably weren't unaffordable;
- but Wonga should have realised there might be a problem by the time Mrs F asked for the third loan – because of the pattern of regular lending and increased borrowing emerging at that stage;
- the third loan meant Mrs F had to repay a relatively significant proportion of her monthly income quite quickly – when she was already overdrawn and servicing other debts;
- Wonga should have recognised then it wasn't likely Mrs F would be able to repay her third loan sustainably - if it had done some reasonable checks. So it was irresponsible to give Mrs F the last two loans; and
- it should refund related interest and charges plus interest and rectify Mrs F's credit file.

Wonga doesn't agree and the matter has been passed to me for review.

## **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 come to the same conclusions as our adjudicator for much the same reasons.

Wonga was obliged to ensure Mrs F was able to repay these loans sustainably. It hasn't provided much information about what it did to vet each application. But I've reviewed what it sent along with the information Mrs F supplied, including her bank statements - to get a picture of her financial situation at the time.

Where the evidence is incomplete or inconclusive (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

Like our adjudicator, I'm not persuaded I can safely conclude Wonga was wrong to provide the first two loans. And I agree the size and timing of Mrs F's third application should have prompted Wonga to take a closer look at her finances.

From the information I've seen, I'm satisfied Mrs F's current account was regularly in and over her overdraft limit. And there's evidence she had instalment loans and other debts, including payday loans, for some time before and during her dealings with Wonga.

On balance overall, I'm satisfied Wonga's likely to have seen signs that Mrs F was over committed and struggling if it had done some more reasonable checks before providing the third loan here. It could have looked at Mrs F's credit history or asked about other commitments and disposable income, for example. I don't think that would have been difficult or disproportionate in these circumstances. And, if it had, I'm satisfied Wonga's unlikely to have reasonably agreed to lend further. So I find it was irresponsible to give Mrs F her third and fourth loans.

I accept Mrs F applied for and repaid these loans, but I don't think she's likely to have done so sustainably. She's had the benefit of the capital and I consider it reasonable that's been repaid. But I can't fairly find Mrs F should have to pay interest and charges on loans that were provided irresponsibly. So, I agree with our adjudicator Wonga should refund interest and charges on her last two loans plus interest and remove any related information from Mrs F's credit record.

### **my final decision**

My decision is I uphold this complaint. In full and final settlement I require WDFC UK Limited (trading as Wonga.com) to

1. Refund all interest and charges applied to Mrs F's third and fourth loans;
2. Pay interest on that refund at 8% simple a year from the date of payment to the date of settlement; and
3. Remove any information recorded about those loans from Mrs F's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 28 July 2016.

Claire Jackson  
**ombudsman**