

## **complaint**

Mr H complains that Instant Cash Loans Limited, trading as The Money Shop, lent him money he couldn't afford to repay when it knew he'd had a gambling problem in the past. His father brings the complaint on his behalf.

## **background**

Mr H had a loan from The Money Shop several years ago. His father says Mr H had a gambling addiction, which he and his wife tried to help sort out. They repaid their son's debts, including the Money Shop loan. They say they told The Money Shop about Mr H's gambling and they only made the payment because it agreed never to lend to Mr H again.

Mr H took out another loan with The Money Shop in March 2016. His father found out about it in May 2016, when an arrears letter arrived. He found Mr H had begun gambling again, and he complained to The Money Shop.

The Money Shop sent Mr H's father a number of letters saying it was still investigating. So he got in touch with us.

We asked The Money Shop for its side of the story, but it didn't reply. It didn't reply to our adjudicator's requests for information either. Based on the information he had, our adjudicator thought The Money Shop shouldn't have lent to Mr H in 2016. So he recommended it refund the interest and charges on the loan, pay interest on the refund, and take the loan off Mr H's credit file.

Mr H's father had nothing more to add, and The Money Shop again didn't reply. So the complaint has come to me to issue a decision – which The Money Shop will have to comply with if Mr H accepts it.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I've reached the same overall conclusions as the adjudicator, for broadly the same reasons.

I see no reason not to accept what Mr H's father has told us about what happened in 2013. So it seems likely that The Money Shop would – or should – have had some record of Mr H's problems with gambling and that he might be vulnerable. It nevertheless chose to give him another loan in 2016.

The Money Shop should have checked Mr H could afford to pay back the loan before it gave him the money. I don't know whether it did that, because it hasn't replied to our requests for information. What is clear, though, is that Mr H didn't pay anything back when he should have done. And his bank statements show he was being charged for being over his overdraft limit at around the time he got the Money Shop loan. They show he also began gambling again and taking other short-term loans at around that time.

So I think there were indications that Mr H was vulnerable and that he might not be able to repay the loan in a sustainable way – but The Money Shop gave him the loan anyway. In all the circumstances, I share the adjudicator's view about fair compensation.

**my final decision**

My final decision is that I uphold this complaint. I order Instant Cash Loans Limited, trading as The Money Shop, to:

- 1) refund all interest and charges it has applied to the loan Mr H took out in 2016;
- 2) pay interest on any amounts Mr H or his parents have repaid at 1) above at a rate of 8% a year simple, from the date each charge was paid to the date of settlement;
- 3) remove all entries for the loan at 1) above from Mr H's credit file.

The Money Shop can apply the refund to Mr H's loan if it's still outstanding. If it deducts tax from the interest part of the award, it should provide Mr H with a tax deduction certificate so he can reclaim the tax from the tax authorities, if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 11 November 2016.

Janet Millington  
**ombudsman**