

## **complaint**

Mr O, represented by Mrs O, complains that WDFC UK Limited (trading as Wonga) lent him money he could not afford to repay.

## **background**

Mr O took out a £160 loan with Wonga in January 2017. The loan was repayable over three monthly instalments of around £79 each. Mrs O says that at the time of the loan Mr O was a full time student and was being supported financially by his parents. She says that he had the maximum student loan and was using his overdraft facility. Mrs O says that lending to Mr O was irresponsible.

Wonga says that before lending to Mr O it checked his income and employment status among other things. It also carried out a credit check. It says that based on the information it gathered at the time the loan was provided there was no indication that it was unaffordable.

Our adjudicator did not uphold this complaint. She said that before lending to Mr O Wonga gathered information on his income and expenditure. She said that Mr O's income was recorded as £800 per month and he had expenses of £250 per month. She said that given this was Mr O's first loan with Wonga and the repayments were relatively low compared to the income he recorded, she thought the checks carried out were sufficient.

Mrs O, on behalf of Mr O, did not accept our adjudicator's view. She said that Mr O was not asked to provide proof of his income which she thought he should have been. She also raised concerns about the cost of the interest charged. She said that Mr O could not afford to make the repayments.

## **my findings**

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

Before agreeing to lend to Mr O, Wonga had to make sure that he could afford to repay the loan. Affordability checks should be proportionate. What is proportionate depends on things like – but not limited to – the size of the loan, the repayments, what Wonga knew about Mr O and the things he told it about his circumstances.

I have looked through the information Wonga gathered before it lent to Mr O. It has recorded that he is a student and had a monthly income of £800 and expenses of £250. It has also recorded that he was living with family. While I note Mrs O's comments that Mr O was not asked to provide proof of his income, I think in this case that it was reasonable that Wonga relied on the information Mr O provided.

I do not think that the income information should have necessarily raised concerns and likewise the expenses based on Mr O living with family were not unreasonable. Because of this I do not find that the information would have raised concerns that would require Wonga to carry out further checks.

The loan was repayable over three months with payments of around £79 each month. This was Mr O's first loan with Wonga and as it was relatively small compared to Mr O's declared

income and would have appeared to be affordable based on his disposable income. Based on this I find that the checks carried out by Wonga were sufficient.

Mrs O has also raised concerns about the interest charged and I have seen that an arrears notice was sent suggesting that the loan balance went over £400. However, following further investigation by our adjudicator, Wonga confirmed that the loan balance was £250.52 when it passed it to a collections company. Since then a payment of £160 was made and the collections company has sent a letter stating the remaining balance as £90.52. Based on this it appears that the outstanding balance is in line with the amounts set out in the agreement.

Overall, while I understand why Mrs O feels Wonga should not have lent to Mr O, I find that the checks it carried out before providing the loan were sufficient. Therefore I do not find that I can uphold this complaint.

Mrs O has said Mr O cannot afford to repay the loan. With this in mind, Wonga should deal positively and sympathetically with Mr O in regard to the outstanding balance.

### **my final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 16 February 2018.

Jane Archer  
**ombudsman**