

## **complaint**

Mr S complains that MYJAR Limited gave him loans he couldn't afford to repay.

## **background**

MYJAR gave Mr S the following loans:

I understand that there's a repayment arrangement in place in relation to loan 15.

## **my provisional decision**

I sent both Mr S and MYJAR my provisional decision, in which I said:

- MYJAR did proportionate checks before loans one, two and fifteen.
- Before loans three and four, MYJAR should've asked Mr S for not only his normal monthly income but also his normal monthly living costs – not just his housing costs – and other regular financial commitments.
- Before loans five to fourteen, MYJAR should've carried out a full review of Mr S's finances.
- Proportionate checks before loans three and four are likely to have shown that Mr S could afford to repay those loans.
- If MYJAR had carried out proportionate checks before loans five to fourteen, it would've concluded that Mr S couldn't afford to repay further borrowing without it adversely affecting his already poor financial position.
- MYJAR should refund interest and charges on loans five to fourteen, pay interest in certain circumstances, deduct the refund from any remaining amount Mr S owes in relation to loan 15 and pay him any remaining balance. It should also remove adverse information about loans five to fourteen from Mr S's credit file.

## **responses to my provisional decision**

Mr S agreed with my provisional decision. MYJAR said it didn't want to add anything further.

## **my findings**

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Neither Mr S nor MYJAR have provided any fresh information or evidence in response to my provisional decision. I see no reason to depart from my earlier conclusions.

I find that MYJAR didn't carry out proportionate checks before loans three to fourteen. If it had done so, it would've found that Mr S couldn't afford to repay loans five to fourteen. So, it shouldn't have given Mr S loans five to fourteen.

To put that right, MYJAR should refund interest and charges on loans five to fourteen, pay interest in the circumstances set out below, deduct the refund from any remaining amount Mr S owes in relation to loan 15 and pay Mr S any remaining balance. It should also remove adverse information about loans five to fourteen from Mr S's credit file.

### **my final decision**

For the reasons set out above and in my provisional decision, I uphold Mr S's complaint in part. I now require MYJAR Limited to:

- refund any interest and charges paid by Mr S on loans five to fourteen;
- add simple interest at a rate of 8% per year to each of these amounts, from the dates they were paid to the date of settlement (unless the total refund is less than the capital sum still due)\*;
- deduct from the refund and interest (if any) any capital sum still due and pay Mr S any remaining balance;
- remove any adverse information about loans five to fourteen recorded on Mr S's credit file.

\*HM Revenue & Customs requires MYJAR to take off tax from this interest. MYJAR must give Mr S a certificate showing how much tax it's taken off, if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 30 October 2017.

Louise Povey  
**ombudsman**