

## complaint

Mr C complains WDFC UK Limited (trading as wonga.com) ("Wonga") lent to him irresponsibly.

## background

Mr C took out five loans with Wonga between August and November 2013. I've included some of the information we've received about these loans in the table below. Where Mr C added extra borrowing to his loans ("topping up") this is denoted by a letter:

Loan #	Date	Date Repaid	Amount	Interest	Highest Repayment
1	10/08/2013	20/08/2013	£150.00	£15.00	£165.00
2	04/09/2013	20/09/2013	£220.00		
2A	13/09/2013	20/09/2013	£50.00		
2B	14/09/2013	20/09/2013	£70.00	£61.75	£401.75
3	29/09/2013	18/10/2013	£250.00		
3A	06/10/2013	18/10/2013	£150.00	£78.21	£478.21
4	25/10/2013	20/11/2013	£310.00		
4A	04/11/2013	20/11/2013	£80.00	£106.71	£496.71
5	24/11/2013	Written Off	£507.00		
5A	02/12/2013	Written Off	£273.00	£485.98	approx. £1000

Mr C paid £235 towards his last loan before the outstanding balance was written off by Wonga and the loan removed from his credit file. The amount written off was £1,041.98 (this included capital and interest).

Mr C later complained to Wonga that it shouldn't have lent to him. Wonga disagreed so Mr C brought his complaint to this service where it was looked into by an adjudicator. He concluded Wonga was wrong to give Mr C loans 2 to 5 and it should refund all interest and charges he'd paid (with 8% simple interest on top), and amend his credit file.

Wonga agreed with the adjudicator, but noted that it had written off a large amount of capital for loan 5 – more in fact than it had calculated it would need to refund Mr C. So it said there was nothing to refund him but it offered to remove loans 2 to 4 from his credit file.

Our adjudicator thought this was fair in the circumstances. Mr C disagreed. He said he'd had to borrow from other payday lenders and his bank to pay off his Wonga loans and had ended up in so much debt he was on a debt management plan that would last until 2021. He said all this might not have happened if Wonga hadn't lent to him irresponsibly.

## **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 taken into account the law along with any relevant regulatory guidance and good industry practice at the time.

The remaining area of disagreement in this case is whether Wonga should be allowed to use the refund of interest and charges it's calculated for Mr C, to pay off the outstanding capital on loan 5.

In light of this I don't propose to analyse Wonga's decisions to lend to Mr C in the first place in detail. I'll say only that I agree with the conclusions reached by the adjudicator that from loan 2 onwards Wonga didn't carry out enough checks into Mr C's ability to repay in a sustainable way. I think if it had carried out enough checks it would've discovered these loans were not affordable for Mr C.

Moving on to the disputed offer, I think it's generally fair that when someone has borrowed money that they should pay back what they've received. This applies even when the loan was not affordable and shouldn't have been lent to them.

Mr C borrowed £780 for his last loan and paid back £235. This means, if we assume his repayments were made to the capital, then there's still £545 left over which he received but didn't pay back. While I appreciate Wonga decided not to pursue Mr C for the remaining money, and so he may have reasonably assumed he owed nothing, I don't think it's *unfair* for Wonga to put Mr C's refund towards the outstanding capital debt.

I've thought about Mr C's point that – had it not been for Wonga's loans – he might not have ended up in the situation he's in now. I was sorry to hear about Mr C's financial situation, but I don't think it's open to me to draw the conclusion that Wonga's loans led inevitably to his present set of circumstances. Wonga had in fact declined a number of loan applications from Mr C before it began to lend to him – so I think it's likely Mr C already had some financial troubles before Wonga's involvement. If Mr C is concerned about the loans made to him by other lenders then this is something he can raise with them if he wishes to do so.

In the end, I don't think Wonga needs to go any further than it's offered to in this case. So it should remove the entries from Mr C's credit file, as it has already agreed to do.

## **my final decision**

For the reasons explained above I uphold Mr C's complaint in part and direct WDFC UK Ltd to remove the entries on Mr C's credit file relating to loans 2 to 4.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 12 February 2018.

Will Culley  
**ombudsman**