

complaint

Mr G complains that WDFC UK Limited (trading as Wonga) irresponsibly lent him money he couldn't afford to pay back.

background

Mr G explains that he took out an instalment loan in March 2016 in desperation as he was trapped in a cycle of borrowing. Mr G says that proper affordability and credit checks weren't done and given the nature of his previous borrowing history with Wonga it was irresponsible for Wonga to lend to him in these circumstances.

Our adjudicator didn't recommend that the complaint was upheld. He thought Wonga had asked for enough information and relied on what Mr G told it about his financial commitments. He thought that the credit checks carried out were appropriate and it was reasonable to lend in all the circumstances taking into account the repayments and Mr G's stated income. Mr G didn't agree and said that his borrowing history and credit file were enough to alert Wonga that he couldn't afford the loan.

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 have reviewed all of the paperwork in this case. I can see that Mr G has complained only about the instalment loan taken out in March 2016. I can see from his credit file that he applied for a number of payday loans with Wonga but the last of these was settled in June 2014.

In March 2016 Mr G applied for an instalment loan with Wonga. He declared that his income was £1794 and his outgoings were £650. The figures given by Mr G would suggest that the loan instalments of £309.54 were affordable. Wonga searched his credit file before approving the loan. There was nothing to suggest in the information available to Wonga that Mr G might be in financial difficulty. Although Mr G has pointed out the debts from his credit file, this full information wasn't available to Wonga and based on the results of its credit check it was reasonable to lend.

Wonga asked Mr G about his outgoings and his credit commitments and checked whether the lending was affordable. The information provided didn't suggest that Mr G would be unable to afford the repayments and showed enough disposable income.

The previous lending history might indicate that there had been difficulty with payday lending but the last loan was taken out nearly two years ago and there were no outstanding arrears. I think it was reasonable of Wonga to treat this as a new application and rely on the information that Mr G gave.

I don't think that Wonga acted incorrectly or unfairly by deciding to lend to Mr G on the basis of the information he had given, especially taking into account his income and expenditure and given the amount of the repayments involved. Looking at the paperwork, Wonga did assess whether the lending was affordable and there was nothing in Mr G's circumstances that would suggest that he wouldn't be able to pay the money back.

Overall I think the checks carried out were sufficient and proportionate and Wonga had no reason to doubt what Mr G said about his finances. It made a decision to lend that was reasonable in the circumstances.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 26 February 2018.

Emma Boothroyd
ombudsman