

## **complaint**

Mr C complains that WDFC UK Limited (trading as Wonga) gave him loans that he couldn't afford to repay.

## **background**

The background to this complaint was set out in a provisional decision issued in January 2018. A copy of that is attached and forms part of this final decision, so I will not repeat that information here.

The provisional decision was written by one of my colleagues. It set out why my colleague was minded to not uphold the complaint. Both parties were invited to let us have any further comments and evidence. Both Mr C and Wonga have said they accept the provisional decision my colleague wrote.

Since writing his provisional decision my colleague has stopped dealing with complaints about short term lending. It has therefore been necessary for the case to come to a different ombudsman, specifically me, to review afresh taking into account all the evidence received both before and after my colleague issued his provisional decision.

## **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 also taken into account the law, any relevant regulatory rules and good industry practice at the time the loans were offered.

Having reviewed all the original evidence in this complaint, I have found myself in agreement with the findings reached by my colleague in his provisional decision. And since that decision was issued, both parties have confirmed that they accept the findings. But, as I have not previously decided this complaint I have summarised my assessment of it below.

Wonga was required to lend responsibly. It needed to make checks to see whether Mr C could afford to pay back each loan before it lent to him. Those checks needed to be proportionate to things such as the amount Mr C was borrowing, and his lending history, but there was no set list of checks Wonga had to do.

Mr C took two loans from Wonga. He borrowed £100 in February 2012, and then borrowed £305 in September 2012. Both loans have been fully repaid. Before each loan, Wonga asked Mr C to provide details of his normal income, and it did a credit check too.

I think these checks were sufficient for the first loan. The amount Mr C needed to repay was relatively modest compared to the £1,300 he told Wonga he was earning each month. And there wasn't anything in the credit check that should have caused additional concerns to Wonga. So I don't think Wonga did anything wrong in giving this loan to Mr C.

But the amount Mr C needed to repay on the second loan was much higher, and took a far larger proportion of his normal income. So I think it would have been reasonable for Wonga to have looked a bit further into Mr C's circumstances at that time. It would have been useful to have gathered some information about Mr C's normal expenditure.

But although I don't think the checks Wonga did on the second loan were sufficient, that in itself doesn't mean that Mr C's complaint should succeed. I'd also need to be persuaded that what I consider to be proportionate checks would have shown Wonga that Mr C couldn't sustainably afford the loans.

Mr C has told us what he recollects of his circumstances at the time he took this loan. But he hasn't been able to support those recollections with any documentary evidence such as copies of his bank statements. So although I've no concerns that what Mr C has told us is his honest recollection, I'm mindful that he's trying to recall some fairly specific information from over five years ago. That means I don't have enough evidence to safely determine what he would have told Wonga at the time, if it had done greater checks. So I can't conclude that better checks would have suggested that Mr C couldn't afford to repay this loan.

### **my final decision**

For the reasons given above, and in my colleague's provisional decision, I do not uphold the complaint or make any award against WDFC UK Limited.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr C either to accept or reject my decision before 22 March 2018.

Paul Reilly  
**ombudsman**

## **COPY OF PROVISIONAL DECISION**

### **complaint**

Mr C complains that WDFC UK Limited (trading as wonga.com) provided him with two unaffordable loans. He wants any interest and fees to be refunded to him.

### **background**

Mr C took out two loans with Wonga. The first, in February 2012, was for £100. The second, in September 2012, was for £305.

Both of the loans were due to be repaid in a single instalment. Both were paid off in line with this. Before the second loan was provided, Mr C made applications for higher amounts, which were declined by Wonga.

Before each loan, Wonga says that it asked Mr C about his income. It says that it also carried out a credit check. It says that this was enough to assess the affordability and that it was appropriate to lend to him as it did.

Mr C says that, in fact, the loans were not affordable. He says that Wonga would have known this if it had carried out more detailed checks.

As part of our process, the adjudicator provided their view to the parties. They thought that the checks in relation to the second loan had not gone far enough. They thought that more detailed checks would have shown that the loan was unaffordable and that the fees and interest from that loan should be repaid.

Wonga did not agree and so this has come to me to decide.

### **my provisional findings**

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

In order to decide whether Wonga got anything wrong, I must first look at what checks would have been proportionate in the circumstances that it knew about. The relevant circumstances will usually include things like the loan amount, any account history, and the customer's declared income.

Given that the first loan here was Mr C's first with Wonga, and that it was for a relatively low amount, I agree with the adjudicator that the checks went far enough. Wonga was entitled to rely upon the information that Mr C provided.

I note that the higher loan applications were declined. While not decisive, this supports Wonga's argument that it was genuinely assessing affordability before lending to Mr C.

The second loan was for a good deal more money than the first. So I think that more detailed checks were necessary than for the first. Wonga ought at least to have asked Mr C about his regular outgoings.

As part of our investigation, Mr C has provided a breakdown of his income and expenditure from the relevant period. Due to the time that has elapsed, it is inevitable that these figures will be estimates, but I am satisfied that they have been provided honestly.

I have looked at the outgoings estimate provided by Mr C, and taken into account the income that he told Wonga about at the time. But I do not think that I can rely on that entirely. It is quite detailed information about outgoings from some time ago. While I do not doubt the honesty with which these figures were provided, I cannot be sure what Mr C would have told Wonga at the time.

That being the case, I cannot say that proper checks would have led Wonga to the conclusion that the loan was unaffordable. So I am not going to ask it to do anything more in relation to this complaint.

**my provisional decision**

Subject to anything either party tells me by 14 February 2018, I am not planning on upholding this complaint.

Marc Kelly  
**ombudsman**