

complaint

Mrs D complains that CURO TRANSATLANTIC LIMITED trading as Wage Day Advance gave her loans that were unaffordable. She also says Wage Day Advance didn't offer her suitable help when she informed it of her financial difficulties, it didn't respond to her emails when she asked for help, and it sent the final response letter to her old address when she'd already told it that she'd lost her home.

background

Mrs D took out three loans from Wage Day Advance between June and September 2016, and she's repaid all the borrowing. The background to this complaint was set out in my provisional decision that I issued in March 2018. An extract from this is attached and forms part of this final decision, so I won't repeat that information here.

I asked everyone to send me any further comments and information before I reached a final decision. Mrs D and Wage Day Advance both said they had nothing further to add.

my findings

I've reconsidered 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.

As neither party gave me anything new to think about, I've reached the same conclusions as I did in my provisional decision, and for the same reasons. So I think Wage Day Advance needs to pay Mrs D some compensation.

putting things right

To put things right for Mrs D, Wage Day Advance should:

- Refund any interest and charges Mrs D paid for loans 1 and 3.
- Add simple interest at a rate of 8% per annum to each of these amounts from the date they were paid to the date of settlement*.
- Remove any adverse information recorded on Mrs D's credit file in relation to those loans.

*HM Revenue & Customs requires Wage Day Advance to take off tax from this interest. Wage Day Advance must give Mrs D a certificate showing how much tax it's taken off if she asks for one.

my final decision

For the reasons I've explained above and in my provisional decision, uphold Mrs D's complaint in part. CURO TRANSATLANTIC LIMITED should take action as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 30 April 2018.

Renja Anderson
ombudsman

EXTRACT FROM PROVISIONAL DECISION**background**

Mrs D took out three loans from Wage Day Advance between June and September 2016, and she's repaid all the borrowing. Here's a summary of her borrowing history:

loan number	loan amount	date taken	repayment date
1	£170	20/06/2016	23/06/2016
2	£80	01/08/2016	01/08/2016
3	£80	11/09/2016	18/04/2017

One of our adjudicators looked into Mrs D's complaint. She thought that the affordability checks Wage Day Advance carried out for Mrs D's loans were proportionate. And she didn't think there was anything else in the information Wage Day Advance saw in the credit checks that should've prompted it to do more.

But our adjudicator didn't think Wage Day Advance had done everything right when Mrs D got in touch to say that she was in financial difficulty. And Wage Day Advance accepted that it should've done more. So it offered to refund the interest and charges Mrs D paid for her last loan, and add 8% simple interest to this amount. But it wasn't willing to remove the late payment markers from Mrs D's credit file because this was an accurate reflection of her account.

Mrs D didn't accept Wage Day Advance's offer. She was happy to accept the financial offer, but she said that any record of loan 3 should also be removed from her credit file. Because no agreement was reached, the complaint has been passed to me.

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. I've also taken into account the law, any relevant regulatory rules and good industry practice at the time.

Having done so, I'm intending to uphold Mrs D's complaint in part. I'll explain why.

Wage Day Advance was required to lend responsibly. The Financial Conduct Authority (FCA) was the regulator in place when Mrs D took out her loans. Wage Day Advance needed to make checks to see whether Mrs D could afford to pay back each loan sustainably – before it lent to her. There was no set list of checks it needed to do, but those checks needed to be proportionate to things such as the amount Mrs D was borrowing, her credit history and financial position at the time.

The FCA's regulations for lenders are set out in its Consumer Credit Sourcebook (CONC). These regulations – in CONC 5.3.1(2) – require lenders to take *“reasonable steps to assess the customer's ability to meet repayments under a regulated credit agreement in a sustainable manner without the customer incurring financial difficulties or experiencing significant adverse consequences”*. CONC 5.3.1(6) defines “sustainable” as being able to make repayments without undue difficulty. And it explains that this means borrowers should be able to make their repayments on time while meeting other reasonable commitments, out of their income and savings, and without having to borrow to meet these repayments.

The guidance also lists examples of sources of information for the firm to use in its creditworthiness assessment, which may, depending on the circumstances, include some or all of the following: its record of previous dealings, evidence of income, evidence of expenditure, a credit score, a credit reference agency report and information provided by the customer.

Mrs D says that if Wage Day Advance had checked her employment details, it would've seen that she wasn't actually working full time as she'd declared, and she was earning significantly less than she'd declared. Mrs D also said that she didn't declare all of her outgoings because she was desperate for the loan – but she thought that a credit check would've seen her other outstanding debts and Wage Day Advance should've declined her applications anyway.

I've thought about the loans Mrs D took out – how much she borrowed, how much she needed to repay and her overall borrowing history. I've also thought about what information she declared to Wage Day Advance. She said her income was £1,100 a month for each loan, and her outgoings £752 a month – this included £145 a month towards credit outgoings. Overall, Mrs D would've been left with a disposable income of £348.

I've looked at Wage Day Advance's credit search results – it ran searches for loans 1 and 3. For loan 1, the results showed that Mrs D had debts totalling over £12,000. Of these, over £6,000 was debt on revolving accounts – such as credit cards – and her loan balances were over £3,000. And for loan 3, the overall debt had increased to over £15,000 – Mrs D's loan balances were now over £7,000.

Considering Mrs D's income and what she declared as her credit outgoings, I think the information in Wage Day Advance's credit searches should've prompted it to do more. I think it should've been concerned that the information Mrs D gave about her other credit commitments wasn't accurate.

I can also see that Wage Day Advance's credit search results showed that Mrs D had other short term loans outstanding before loans 1 and 3. She'd borrowed £530 in May 2016 and needed to repay around £177 a month towards this loan for five months. And she'd borrowed £620 in August 2016 and needed to repay around £210 a month for five months. Wage Day Advance's credit search results for loan 3 also showed that Mrs D had taken out a loan of £6,500 in June 2016, and she needed to pay £256 a month towards this loan.

Overall, I think Wage Day Advance had enough information to conclude that loans 1 and 3 weren't affordable for Mrs D. So I don't think it should've given her those loans.

Wage Day Advance didn't run a separate credit search for loan 2. But Mrs D repaid this loan the same day she took it out – so she didn't pay any interest towards this loan, and there's no adverse information recorded about this loan on her credit file. And in any event, it looks like Mrs D had repaid her other short term loan before taking out this loan – so it's unlikely any further credit searches should've prompted Wage Day Advance to do more before agreeing this loan. Overall, I don't think there's anything Wage Day Advance needs to do, to put things right for loan 2.

Wage Day Advance has accepted that it didn't follow its normal process when Mrs D got in touch about being in financial difficulty. And I can see that Mrs D said in her complaint to Wage Day Advance that she'd now lost her home, but it sent its final response to her home address. Wage Day Advance apologised for this.

Overall, it doesn't look like Wage Day Advance did everything right when Mrs D let it know she was in financial difficulty. But taking everything into account, I don't think there's anything else Wage Day Advance needs to do, to put things right. I think the redress I've outlined is a fair and reasonable outcome to Mrs D's complaint.