

The complaint

Mr J and Miss L have complained to us about the sale of three loans given by East Lancashire Moneyline (IPS) Limited. They say the loans were granted irresponsibly.

What happened

Mr J and Miss L were granted a total of three loans by way of fixed sum loan agreements: a loan for £350 in August 2019, a loan for £1,000 in March 2020 repayable over 12 months and another loan for £1,000 in July 2021 repayable over 12 months.

East Lancashire Moneyline thought the lending decisions were reasonable, although it refunded £320 of interest that was due to be paid on the third loan, as well as some additional interest that had been incurred. This was after Mr J and Miss L got into difficulty with the repayments.

As Mr J and Miss L didn't agree the lending decisions were fair and responsible, one of our investigators looked into each of the decisions. Having done so, they thought that this was a complaint that we couldn't uphold.

As Mr J and Miss L didn't agree the complaint has been passed to me for a decision.

What I've decided – and why

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

I've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

East Lancashire Moneyline will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Our investigator's assessment gave an account of the purpose of each loan, so I don't intend to cover that here.

Mr J and Miss L's complaint is that East Lancashire Moneyline acted irresponsibly in making credit available that was unaffordable.

At the time of each loan application East Lancashire Moneyline carried out credit searches to assess Mr J and Miss L's level of income and debt before making a lending decision. The purpose of this was to help it to understand how Mr J and Miss L had been managing their finances. Based on this information, East Lancashire Moneyline decided that there was

enough disposable income available to ensure that each loan was capable of being repaid sustainably.

East Lancashire Moneyline also asked Mr J and Miss L to provide income and expenditure information which also was factored into the information on which the lending decisions were based. I've seen copies of the calculations East Lancashire Moneyline used. For the first loan, the calculation showed Mr J and Miss L had a total monthly net income of around £1,800, for the second loan it was around £1,600 and by the time of the third loan this had increased to around £2,300. I've also noted that Mr J and Miss L's credit record showed no recent history of county court judgments, defaults or any late payments.

The checks showed that Mr J and Miss L were only making minimal payments towards credit at the time of the first and second loans. By the time of the third loan they were paying an increased sum of £135 per month by way of other credit commitments. Based on these calculations, East Lancashire Moneyline estimated that Mr J and Miss L had sufficient disposable income available at the time of each of the three loans; of £412, £364 and £845 respectively.

From what I've seen, the information that East Lancashire Moneyline had at the time of each lending decision was enough to be able to fairly make each lending decision. And based on the committed regular expenditure, such as living costs, that Mr J and Miss L had provided details of, the lending appeared to be affordable with repayments that Mr J and Miss L would be able to manage to make sustainably.

It follows that, having considered all the submissions made in this case, I haven't seen enough evidence to think that the credit East Lancashire Moneyline provided to Mr J and Miss L at the time of each lending decision was likely to be unaffordable.

I know that Mr J and Miss L will be disappointed with my decision. In relation to the last loan I would ask that, if it hasn't already been repaid, East Lancashire Moneyline takes the necessary steps to put in a place an appropriate and affordable repayment plan that fully takes on board their financial situation, if it hasn't already. I understand that no further interest is being charged.

It follows that I have not found sufficient evidence to uphold this complaint.

My final decision

For the reasons given above, I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J and Miss L to accept or reject my decision before 12 October 2023.

Michael Goldberg
Ombudsman