

## The complaint

Mr M complains about three lending decisions PDL Finance Limited trading as Mr Lender made. He says he couldn't afford the loans at the time, and they shouldn't have been lent to him.

## What happened

Mr Lender lent Mr M three instalment loans, from the information provided, the loan details were as follows.

Loan number	Start date	Loan amount (£)	Term	Highest repayment (£)	End date
1	07/12/2018	200	3 months	133.86	13/02/2019
2	19/03/2019	500	6 months	203.33	11/04/2019
3	06/06/2019	1,000	12 months	203.33	sold

When Mr M complained to Mr Lender, it said it didn't lend irresponsibly but as a gesture of goodwill, it offered to remove interest from loan 3 so that Mr M only repaid the capital. It also offered to remove all three loans from Mr M's credit file.

Mr M didn't accept the offer and referred the complaint to this service where it was looked at by one of our adjudicators. She thought Mr Lender wasn't wrong to lend loans 1 and 2 and that its offer of redress for loan 3 was in line with what the Financial Ombudsman would have done had it upheld Mr M's complaint about loan 3.

Mr M asked for an ombudsman's decision, he said a proper look at his credit file would have shown he was indebted, and Mr Lender shouldn't have lent.

## 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.

We've set out our general approach to complaints about short-term lending - including all of the relevant rules, guidance and good industry practice - on our website.

Mr Lender needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mr M could repay the loans without the need to borrow further or suffering adverse financial circumstances. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure. With this in mind, in the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate.

Mr Lender asked Mr M about his monthly income and living costs, it also searched his credit file. Mr M declared £1,450 for his income and a total of £825 for his expenses, this included his credit commitments. Mr M was living at home with his parents at the time of the loans which explains why the cost of his housing was £100.

The information Mr M declared above was what he declared for all his loans. For each loan, I can see Mr Lender searched Mr M's credit file. Mr M has said had Mr Lender properly checked his file, it would have seen he was taking out payday loans. However, the results of the search Mr Lender provided for both loans 1 and 2 showed Mr M didn't have any outstanding payday loans when it lent. The credit search also showed Mr M didn't have any defaults or county court judgements (CCJs).

Mr Lender was required to carry out reasonable checks in the circumstances of the lending, it wasn't required to carry out a credit search or if it did, it wasn't required to carry it out to any specific level of detail. In the circumstances of this case, considering Mr M's income, the highest repayment amount, and the stage of the lending relationship, I think Mr Lender's checks went far enough. Those checks showed Mr M could afford the repayments of loans 1 and 2 and so I don't think Mr Lender was wrong to lend those loans.

Mr Lender has agreed to redress Mr M for agreeing to lend him loan 3, it has offered to remove interest and charges ensuring Mr M only repays the capital borrowed and has offered to remove the loans from Mr M's credit file. I think the offer is fair in the circumstances. Mr M should contact Mr Lender directly if he wishes to accept its offer on loan 3.

There's likely to be an outstanding balance on the account after Mr Lender has removed interest from loan 3, I'd remind it of its duty to treat Mr M positively, working with him to agree a suitable repayment plan.

### **My final decision**

For the reasons give above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 22 November 2023.

Oyetola Oduola  
**Ombudsman**