

Amigo Loans swerves £73 million fine due to 'financial hardship'

The scale of misconduct by Amigo Loans was laid bare today after the Financial Conduct Authority said it would have imposed a £73 million fine, were it not for the poor financial state the subprime lender was in.

It follows a months-long investigation by the watchdog, which found the firm had poorly-designed IT systems with flaws in its assessment of affordability and creditworthiness.

Mark Steward, executive director of Enforcement and Market Oversight at the FCA, said: "Amigo failed to assess properly the affordability of its lending, especially to vulnerable consumers, as our rules required.

"This led to lending that was unaffordable for some and meant guarantors had to step in. It also had the effect of prioritising the firm's commercial interests over the obligation to comply with the rules and safeguard customers from unaffordable loans."

Amigo boss Danny Malone, said: "I would like to apologise again to any customers impacted for the past failings in lending practises.

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“We fully accept the lessons that needed to be learnt for the future and our focus remains on rebuilding a business that delivers better outcomes for customers, backed by stronger lending controls and a better culture.”

It comes after the subprime lender said it still hasn't raised enough capital to begin trading in a blow for the company's efforts stave off collapse.

The Bournemouth-based business said expressions of interest had not met the required £45 million target needed to meet capital requirements.

The beleaguered lender has sought to extend the period for its pilot lending scheme, after loan volumes for the scheme fell short of expectations.

Amigo said its shares would become worthless if it is unable to raise the funds to lend. It is set to begin winding down the company if it fails to meet its target by 26 May.

The firm suspended lending in November 2020 after it was stifled by a surge in customer complaints over mis-selling loans. It has since gained court approval for a compensation scheme for disaffected customers.