

Doorstep lender Morses Club sinks to £43m loss as claims surge from borrowers

Doorstep lender Morses Club has posted a £43 million loss after being flooded with claims from borrowers over “unaffordable” [lending](#).

The claims surge follows a clampdown by the [Financial Conduct Authority](#) on subprime [lenders](#) that it said do not treat customers fairly.

Earlier in August the company put a pause on processing claims to avoid “significant near-term liquidity issues”. The firm said its status as a viable business in the months ahead relied on a slowdown in the number of claims being made.

Morses Club boss Gary Marshall said: “The last 12 months have been challenging for the company and we fully recognise the current challenges we as a group still face.”

In February, former [CEO Paul Smith quit the company](#) after it said profits for the year were set to be 20% to 30% lower than expectations following increased costs associated with handling compensation claims.

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The growth in claims follows a review by the FCA into relending by high-cost lenders which it sounded the alarm over loans customers managing their [debt](#) repayments by taking out additional loans.

“Having looked at customer lending journeys we are concerned that some customers may be suffering harm because of over indebtedness and we expect firms to review their lending practices and operations to ensure they are appropriately discharging their obligations to lend responsibly,” the FCA said.

In July, [Morses Club said it would offer “fair settlement”](#) for eligible customers that had made legitimate complaints about the lender’s service.

Morses Club shares rose 5% in early trading on Thursday. The stock is down almost 90% since the start of the year.

Two years ago [Morses Club had to suspend some of its online accounts that were tied into scandal laden financial services firm Wirecard](#). The business was the card issuer and banking partner for a digital arm of the lender called U Account.