



We are using cookies on our site to provide you with the best user experience. Disabling cookies may prevent our website from working efficiently. **Click ok to remove this message** (we will remember your choice).

[OK](#)

[More info](#)

ASA Adjudication on WDFC UK Ltd

WDFC UK Ltd t/a Wonga

88 Crawford Street
London
W1H 2EJ

Date:

8 October 2014

Media:

Television

Sector:

Financial

Number of complaints:

1

Agency:

Albion Brand Communication Ltd

Complaint Ref:

A14-261530

Background

Summary of Council decision:

Two issues were investigated, of which one was Not upheld and one was Upheld.

On 1 April 2014, responsibility for regulating consumer credit passed from the Office of Fair

Trading (OFT) to the Financial Conduct Authority (FCA). As of that date, the Consumer Credit (Advertisements) Regulations 2010 are repealed and replaced by the FCA's Consumer Credit Sourcebook (CONC). The following adjudication relates to complaints received before 1 April 2014.

Ad

A TV ad for payday loans featured an anxious-looking man sitting in a cafe jotting down figures on a napkin. He looked at his phone, which showed a calculator screen and the number £153.79. This image dissolved and was replaced by an animation of an elderly lady who said "You appear to be in a financial quandary, young fellow. At Wonga you choose exactly how much to borrow and for how long." The man asked "Really?" and the animated character replied, "Yes - you can even pay back early and save money." The ad ended by displaying the web address "wonga.com" prominently.

Throughout the ad the web address was super-imposed on the top left-hand corner of the screen.

Issue

Citizens Advice Bureau challenged whether the ad:

1. was harmful and irresponsible because the phrase "you appear to be in a financial quandary" implied that a payday loan could be obtained for non-essential purposes; and
2. breached the Code by omitting the Representative Annual Percentage Rate (RAPR), as they understood that the claim "you can even pay back early and save money" was an incentive likely to trigger the requirement to disclose the RAPR.

BCAP Code

[1.214.11](#)

Response

1. WDFC UK Ltd t/a Wonga stated their belief that it would be clear to an ordinary reasonable viewer that the man depicted in the ad required money to purchase replacement parts for his car, and that this was an 'essential purpose' for the purposes of the BCAP Code. They noted that shortly before the animated character said "You appear to be in a financial quandary" the ad contained a shot of a napkin upon which was a list of car parts, and stated that these were elements without which a car would not be roadworthy. Wonga noted that the definition of "quandary" was "difficult situation" and said that it would be clear to the viewer that the man was in a quandary because of the cost of the items on this list. They also stated their belief that a car would be considered central to many people's day-to-day lives because they are relied upon to get to work and to go food shopping. As a result, it was their opinion that spending money to ensure a car is roadworthy was an essential purpose and that marketing a loan for this purpose was not irresponsible. They considered that this was in line with previous ASA adjudications and published guidance.

Clearcast said that the phrase "financial quandary" implied that the loan was intended for those in financial hardship or suffering a problematic financial situation. They considered that the voice-over alongside the imagery of the character trying to work out his finances, which included pricing up car maintenance, showed that their payday loan was a product that should be considered and not decided on a whim. They were of the view that the combination of the two elements ensured that the ad

demonstrated that payday loans should only be taken out when necessary.

2. Wonga noted that an incentive to apply for credit was a trigger for disclosure of RAPR, but considered that the phrase "you can even pay back early and save money" was not an incentive under the Consumer Credit (Advertisements) Regulations (CCARs). They stated that the ability to repay a loan before the loan is due was a standard feature of many loan products, and that describing that feature in a way that they regarded as brief and factual did not amount to an incentive for the purposes of the CCARs or the BCAP Code. They stated that the example list of incentives provided by the OFT did not include an example analogous to the statement in the ad, and were of the opinion that this suggested that the statement was not capable of being an incentive for the purposes of the Code.

Wonga also stated that they did not consider the phrase to constitute a comparative trigger. They asserted that there was no indication in the ad that the ability to repay early and save money was more favourable than any other lender and believed it acted only as a reminder that if a loan was repaid early a saving can be made. They understood that many other lenders offered loans in the same manner and that their customers would therefore also save money with early repayment.

Wonga stated that during the course of the investigation the ad campaign had reached its end and they did not intend to use it again.

Clearcast stated that they had received an assurance from Wonga that the script was compliant with the Consumer Credit Act and did not contain a trigger to disclose the APR. They provided us with a copy of this assurance.

Assessment

1. Not upheld

We noted that the voice-over statement "financial quandary" did not specify what type of situation the lead character was in. However, we also noted that a list of motoring-related expenses was shown on-screen, indicating that the character wished to obtain a loan to make essential repairs for his car. Irrespective of this, we considered that the phrase "financial quandary", particularly in light of the character's anxiety, made clear that the character was experiencing financial difficulties relating to something serious rather than wishing to use the money for an unnecessary purchase, and that consumers were unlikely to interpret the ad as suggesting that loans were suitable for such purchases. We therefore concluded that the ad was not irresponsible.

The ad was investigated under BCAP Code rule 1.2 (Social Responsibility), but was not in breach.

2. Upheld

The ASA noted that the ad stated consumers could "save money" with a Wonga loan because they would pay less if they repaid early. We acknowledged Wonga's assertion that this was a factual statement of a feature of their service, but considered that the inclusion of the phrase "save money" was surplus to a purely descriptive statement and offered a discount relative to the headline cost of borrowing a sum for the loan period originally requested. We considered that this was an incentive to apply for credit, and that the RAPR should therefore have been disclosed.

We also noted that the sentence immediately before the "save money" claim contained the phrase "At Wonga", and considered that consumers were likely to interpret this to mean that the services

referred to following this phrase were exclusive to Wonga. As such, we considered that the "save money" claim was likely to be interpreted as a comparison against other lenders that implied consumers would save money with a Wonga loan and that, notwithstanding the presence of an incentive to apply for credit, the RAPR should also have been disclosed because of the presence of a comparative indication. We therefore concluded that the ad breached the Code.

The ad breached BCAP Code rule 14.11 (Lending and Credit).

Action

The ad must not appear again in its current form. We told Wonga to ensure that future ads that included a comparison or incentive displayed the RAPR.

[Previous](#)