

The complaint

Miss M says Stagemount Limited trading as Quidmarket lent to her irresponsibly. She says that she doesn't think Quidmarket made proper checks for creditworthiness before lending.

What happened

This complaint is about two payday loans Quidmarket provided to Miss M in June and November 2020.

| loan | date started | amount borrowed | monthly instalments | date repaid |
|------|--------------|-----------------|---------------------|-------------|
| 1 | 23/03/2020 | £300 | 3 | 25/06/2020 |
| 2 | 06/07/2020 | £350 | 4 | 26/11/2020 |

Our adjudicator didn't uphold the complaint. He thought that the checks Quidmarket did were proportionate and so it was reasonable to approve these loans.

Miss M disagreed with the adjudicator's opinion. She said that if Quidmarket had made better checks it would've seen that she had a number of other loans and not lent to her. Our adjudicator reconsidered the complaint, but his opinion didn't change.

As no agreement has been reached the complaint has been passed to me.

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 irresponsible lending - including all of the relevant rules, guidance and good industry practice - on our website.

Quidmarket 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 Miss M could repay the loans in a sustainable manner.

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.

But certain factors might point to the fact that Quidmarket should fairly and reasonably have done more to establish that any lending was sustainable for the consumer. These factors include:

- the *lower* a customer's income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);

- the *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the *greater* the number and frequency of loans, and the longer the period of time during which a customer has been given loans (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable.

I've decided not to uphold Miss M's complaint and I've explained why below.

For loan 1 Miss M needed to repay around £160 over the following three months. This fell to £140 for loan 2, but this had a term of four months.

I've seen a record of the information Miss M provided when she completed her loan applications. Miss M said she had a monthly income of around £1,300 before taking loan 1 and £1,450 before taking loan 2 and she had regular monthly outgoings of just over £1,000 for both loans. So, it would've seemed reasonable for Quidmarket to think that the loans were affordable for Miss M.

Miss M doesn't think the lending was right and she feels Quidmarket should have made more in-depth checks. Had it done this, she says it would've seen she was in financial difficulty. But given the amounts borrowed against her income, and that that it was early in the lending relationship, I don't think it's reasonable to say Quidmarket should have looked into her finances in more detail.

I haven't seen any further information that shows it's likely Quidmarket was made aware of any financial problems Miss M might've been having. Or anything that would've prompted it to investigate her circumstances further. So, I think it was reasonable for Quidmarket to rely on the information it obtained.

So overall, in these circumstances, I think the assessments Quidmarket did for these loans were proportionate. And I think its decisions to lend were reasonable. I'm not upholding Miss M's complaint about these loans.

My final decision

For the reasons set out above, I don't uphold Miss M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 3 September 2021.

Andy Burlinson
Ombudsman