

The complaint

Miss M says Stagemount Limited trading as Quid Market lent to her irresponsibly. She says that she had a significant amount of other debt when Quid Market approved these loans. This was caused, in part, by a medical condition that could lead to compulsive spending or borrowing. Miss M thinks that Quid Market should have found out about all of this and not lent to her.

What happened

This complaint is about two instalment loans Quid Market provided to Miss M in August 2019 and January 2020. I've included a table below which contains some of the information Quid Market has provided about the lending.

Miss M has taken four loans in total from Quid Market but loans 1 and 2 have been considered as part of another complaint. So, I'm not looking these two earlier loans here.

| loan number | date started | amount borrowed | monthly instalments | date repaid |
|------------------|--------------|-----------------|---------------------|-------------|
| 1 | 15/08/2017 | £300.00 | 4 | 28/12/2017 |
| 2 | 29/12/2017 | £500.00 | 4 | 01/05/2018 |
| break in lending | | | | |
| 3 | 12/08/2019 | £300.00 | 5 | 24/12/2019 |
| 4 | 28/01/2020 | £500.00 | 3 | 05/09/2020 |

Quid Market has considered Miss M's complaint. It didn't think it had done anything wrong when it approved loan 3. But, it upheld Miss M's complaint about loan 4. It offered to ensure Miss M only repaid the capital borrowed and to remove the loan from her credit file.

Our adjudicator didn't uphold the complaint. He thought that Quid Market wasn't wrong to have approved loan 3. He agreed that Quidmarket shouldn't have approved loan 4, but he thought the offer it had already made was fair.

Miss M disagreed with the adjudicator's opinion. She thought that Quid Market should have made better checks into her finances and health situation before approving these loans. If it had done this it wouldn't have lent to her.

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.

Quid Market 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 Quid Market 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.

Quid Market offered to ensure that Miss M only repays the capital on loan 4 (and I understand this is what has happened). And to remove this loan from her credit file. This is similar to what I would've awarded if I were to uphold an irresponsible lending complaint about this loan. I think this offer is fair and I've included it in my putting things right section below. So, I won't look at loan 4 in detail. I've gone on to consider the sale of loan 3.

For loan 3 Miss M needed to make three monthly repayments of £255.91. I've seen a record of the information Miss M provided when she completed her loan application. Miss M said she had a monthly income of £2,800 after tax and she had regular monthly outgoings of around £900.

Quid Market looked at a screen shot of Miss M's bank account to verify her income. And it looked at some information from a credit reference agency. This showed Miss M had higher credit outgoings than she declared by just over £400.

But even after it adjusted Miss M's outgoings for these higher credit expenditures it would have been reasonable for Quid Market to think that Miss M could afford the repayments to this loan.

Miss M has said that he has a medical condition that can lead to compulsive spending or borrowing. I can see that she has been through a difficult time, and I hope things have improved for her. But I've not seen any indication that Quid Market was aware of this. And the checks it made were otherwise proportionate. So, I don't think it would be fair to uphold Miss M's complaint for this reason.

I haven't seen any further information that shows its likely Quid Market 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 Quid Market to rely on the information it obtained.

So overall, in these circumstances, I think the assessments Quid Market did for loan 3 were proportionate. And I think its decision to approve it was reasonable. I'm not upholding Miss M's complaint about loan 3.

Putting things right – what Quid Market has agreed to do

Quidmarket has agreed to:

- Ensure Miss M only repays the capital borrowed to loan 4.
- Remove loan 4 from Miss M's credit file.

I think this is fair way to resolve Miss M's complaint about loan 4 and I recommend that she accepts it.

My final decision

For the reasons I've explained, 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 14 September 2021.

If Miss M accepts this decision then Stagemount Limited should put things right by taking the steps above if it has not already done so.

Andy Burlinson
Ombudsman