

## **The complaint**

Mr B complains that Stagemount Limited trading as Quid Market irresponsibly lent to him.

## **What happened**

Quid Market lent Mr B two short term instalment loans. The first loan was for £300 lent in June 2022, on this loan, Mr B was due to make six monthly instalment payments of £89.54. Mr B repaid this loan on 17 November 2022, two days after the contractual repayment date. Quid Market lent Mr B a second loan in December 2022 for £500 with six monthly instalments of £166.65. From the latest information provided on the complaint, Mr B hasn't made any repayments towards his second loan.

One of our adjudicators looked at Mr B's complaint and didn't think Quid Market was wrong to lend loan 1. She thought as Quid Market had made an offer to remove interest on loan 2 and also remove the loans from Mr B's credit file, it had done enough to put things right for Mr B. Ultimately, our adjudicator didn't think Quid Market needed to do anything further.

Mr B disagreed with the adjudicator's conclusions on loan 1. He said he was struggling with a gambling addiction at the time and due to this, his income didn't go into his account. Mr B said had Quid Market carried out thorough checks, it would have realised he was struggling with gambling and so shouldn't have lent loan 1. Mr B agreed with the adjudicator's conclusions on loan 2.

As the complaint hasn't been fully resolved, it has been passed to me an ombudsman for a decision.

## **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 short-term 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 Mr B 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 consumer'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.

Quid Market was required to establish whether Mr B could sustainably repay his loans – not just whether the loan payments were affordable on a strict pounds and pence calculation. This means Mr B should be able to meet his loan repayments without undue financial difficulties, on time, while meeting other reasonable commitments and without the need to borrow further.

I've kept all this in mind when considering Mr B's complaint.

Quid Market offered to remove the interest on loan 2 so that Mr B only repaid the capital. It also offered to remove both loans 1 and 2 from Mr B's credit file, the adjudicator explained why she thought this was a fair offer and as Mr B has said he agrees with the conclusions about loan 2, there isn't a continuing dispute about this loan. So, I've focused my decision on the decision to lend loan 1 which Mr B has said shouldn't have been lent.

Quid Market has provided evidence to show that before lending loan 1, it asked Mr B about his monthly income, living costs and credit commitments. Mr B declared his income as £2,500 and his total expenses as £750. I can see Quid Market verified Mr B's income using his payslip. Mr B's payslip for May 2022 showed his net pay was around £2,390.

Quid Market carried out a search of Mr B's credit file. The results of this search showed Mr B was managing the repayments on all his credit accounts well. The search also showed Mr B's monthly credit commitments were closer to £400 and not £150 as declared by Mr B. I can also see that the credit file shows Mr B had a County Court Judgement (CCJ) recorded against him in 2020, that CCJ account has an outstanding balance of £542.

I don't think the CCJ on its own was enough for Quid Market to have decided not to lend outrightly given that it wasn't so recent. I can also see that when Quid Market was underwriting this loan, it considered Mr B's higher credit commitments and worked out his total expenses to be around £1,042 – higher than £750 Mr B declared.

Mr B has listed a number of credit accounts he had at the time but from the results of Quid Market's search, I think it into account all of Mr B's active credit account when thinking about Mr B's outgoing. I think that was why it used a higher amount than declared by Mr B.

Looking at the loan amount, Mr B's verified income, the repayment amount and the results of the credit search, I think Quid Market's checks were proportionate in the circumstances. I wouldn't have expected Quid Market to request bank statements and take its checks further in these circumstances, as this was Mr B was left with a large disposable income and this was his first loan with Quid Market.

Mr B has said he was struggling with gambling addiction at the time and from what he's told us, this has caused problems in other areas of his life. I'm pleased to see Mr B has been getting help with his addiction and is continuing to recover.

From the reasonable and proportionate checks Quid Markey carried out, it wasn't apparent Mr B had a gambling addiction and this wasn't information that was provided to it. It may be that had Quid Market taken its checks further by requesting Mr B's bank statements, it's likely to have found that he was struggling with gambling, but this wasn't something that should have been prompted in this case and as Quid Market wasn't aware and ought not to have been aware of this information, it couldn't react to it.

Overall, Quid Market acted reasonably with its level of checks and those checks showed Mr B was in a position to make the repayments of loan 1 throughout the term so I don't think it was wrong to lend.

I appreciate Mr B will be disappointed with my findings, but I need to consider what reasonable and proportionate checks showed or would have shown. There's nothing within the circumstances of this lending decision that I think should have prompted Quid Market to request bank statements and it acted reasonably by reacting to the information it saw.

Quid Market however needs to put things right for Mr B in relation loan 2 as it has already agreed to.

### **Putting things right**

As Mr B hasn't made any interest payments towards loan 2, Quid Market should remove all interest and charges applied to the loan. It should also remove loans 1 and 2 from Mr B's credit file as it offered to do.

Quid Market should work with Mr B to agree a suitable repayment plan for the capital of loan 2 should he require a repayment plan.

### **My final decision**

For the reasons given above, I uphold Mr B's complaint in part and direct Stagemount Limited trading as Quid Market to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 2 January 2024.

Oyetola Oduola  
**Ombudsman**