

## **Complaint**

Mr V has complained about high-cost short-term credit instalment loans he took out with Stagemount Limited (trading as “Quidmarket”).

He says Quidmarket lent to him at a time when he was already in severe debt with other loans, credit cards and way behind on his priority bills.

## **Background**

Quidmarket provided Mr V with a total of five high-cost short-term credit instalment loans.

The first of them was taken in October 2020 was for £400 and was due to be repaid in 3 instalments. Mr V withdrew from this loan within the cooling off period, nonetheless he did pay £6.40 in interest. The second of the loans was taken in December 2000 was for £600 and was due to be repaid in six monthly instalments. The third loan was taken in September 2021, was for £1,500.00 and was due to be repaid in 12 instalments.

The fourth loan was taken in November 2021 and was also for £1,500.00. This was due to be repaid in twelve instalments. Mr V also withdrew from this loan within the cooling off period nonetheless he paid £36.00 in interest. And the last of loans was provided by Quidmarket in January 2022 and was for £500. It was due to be repaid in five monthly instalments.

One of our adjudicators reviewed what Mr V and Quidmarket had told us. And she thought that Quidmarket hadn't treated Mr V unfairly for loans one and two, but that it had done for loans three to five. So she partially upheld the complaint.

Quidmarket disagreed and asked for an ombudsman to look at the complaint.

## **My findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

We've explained how we handle complaints about short term lending on our website. And I've used this approach to help me decide Mr V's complaint.

Having carefully thought about everything I've been provided with, I'm not upholding Mr V's complaint. I'd like to explain why in a little more detail.

Mr V was provided with high-interest loans, intended for short-term use. So Quidmarket needed to make sure that it didn't provide them irresponsibly. In practice, what this means is that Quidmarket needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr V before providing it.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less

thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Quidmarket says it agreed to Mr V's applications after he'd provided details of his monthly income and expenditure. It says the information Mr V provided on his income and expenditure showed that he'd be able to comfortably make the repayments he was committing to. And in these circumstances it was reasonable to lend. On the other hand, Mr V says that the loans were unaffordable.

### Loans one and two

I've carefully thought about what Mr V and Quidmarket have said. The first thing for me to say is that these loans were Mr V's first loans with Quidmarket and they were both repaid early. Indeed the total period of time Mr V was indebted to Quidmarket for was just over six months. So Mr V was only indebted to Quidmarket for a short period. And I don't think that there was any established pattern in Mr V's borrowing needs at this stage.

The information provided does suggest that Mr V was asked to provide details of his income and expenditure. Bearing in mind the amount of the monthly repayment, the questions Quidmarket asked Mr V and these were Mr V's first loans, I don't think it was unreasonable for Quidmarket to rely on the information Mr V was providing.

I accept that Mr V's actual circumstances may not have been reflected either in the information he provided, or the other information Quidmarket obtained. And I'm sorry to hear that Mr V was struggling financially and that he found it difficult to repay his loans. But Quidmarket could only make its decisions based on the information it had available at the time. And, at this stage of the lending relationship, I don't think proportionate checks would've extended into Quidmarket asking Mr V to evidence what he was declaring.

Equally it's only really fair for me to uphold a complaint where I can safely say a lender did something wrong. And, in this case, I don't think that Quidmarket did anything wrong in deciding to lend to Mr V - it carried out reasonable checks even though it looks like the information it might've been provided with was inaccurate.

Quidmarket reasonably relied on the information provided with and given the amount of the repayments involved and the overall circumstances of Mr V's loan history, I don't think it was unreasonable for Quidmarket to lend – especially as there wasn't anything obvious, in the information it had, to suggest Mr V wouldn't be able to sustainably repay these loans.

So overall and having considered everything, I don't think that the checks Quidmarket carried out were unreasonable in this instance. And I'm therefore not upholding Mr V's complaint. I appreciate that this will be very disappointing for Mr V. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### Loans three to five

I think that it's more important to focus on the information that Quidmarket did have rather than what it needed to obtain for its checks to have been proportionate here. And, in my view, Quidmarket had enough information to reasonably have seen that Mr V was unlikely to

have been able to make his payments in a sustainable manner when it provided this loan to him.

I say this because what was present in the information Quidmarket itself obtained – the bank statements - showed that Mr V was receiving around the same amount of money that he declared around that time. However, Mr V was transferring large sums of money to another account in his name.

This not only called into question the rest of the income and expenditure Quidmarket obtained but in itself suggested that Mr V was already struggling to make ends meet – particularly as the statements also clearly show that Mr V was making repayments to a large number of other high-cost lenders and he was borrowing from multiple friends and family in order to meet his commitments.

Furthermore, if Quidmarket had attempted to obtain the statements for the account Mr V was transferring money to, it would have seen the extent of his gambling. And most importantly, it would have seen that Mr V's ability to repay was dependant on his success as a gambler. Quidmarket might argue that Mr V was successful and that is why he was able to repay his loans early.

Mr V was only able to repay his loans early because he was borrowing from other high-cost lenders. And this simply wasn't sustainable or meant that Mr V could borrow without experiencing adverse consequences, which Quidmarket should have seen when it requested the statements from Mr V.

Quidmarket says its checks for these loans were proportionate. I don't disagree with this here as it obtained bank statements and I can't reasonably have expected it to do more than this. But Quidmarket still had to make a fair lending decision. And I think it chose to ignore clear evidence of Mr V's likely inability to sustainably make his repayments and as a result it made an unfair lending decision.

As Quidmarket chose to obtain bank statement information at the time of loan three I cannot reasonably conclude that it wouldn't have seen similar information had it, as I think it should have done bearing in mind the circumstances by this stage, requested such information from Mr V at the times of loan four and five. Mr V was in a similar financial position at the time of these applications. So I don't see why the respective decisions provide loans four and five were fair and reasonable given the circumstances at the time.

Mr V had to pay interest and charges on loans that Quidmarket shouldn't have provided him with. So I think that he lost out and Quidmarket should put things right.

### **Fair compensation – what Quidmarket needs to do to put things right for Mr V**

Having thought about everything, Quidmarket should put things right for Mr V by:

- refunding any interest, fees and charges that Mr V paid on loans three to five;
- adding interest at 8% per year simple on any refunded payments from the date they were made by Mr V to the date of settlement†;
- all adverse information Quidmarket recorded about loans three and five should be removed from Mr V's credit file.

† HM Revenue & Customs requires Quidmarket to take off tax from this interest. Quidmarket must give Mr V a certificate showing how much tax it has taken off if he asks for one.

**My final decision**

For the reasons I've explained, I'm partially upholding Mr V's complaint. Stagemount Limited should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 28 December 2023.

Jeshen Narayanan  
**Ombudsman**