

The complaint

Mr H complains that Quidie Limited irresponsibly lent to him.

What happened

Quidie lent Mr H one loan in December 2021, the loan was for £250 repayable in four instalments. The highest repayment was around £99. The account is in arrears as Mr H has been unable to repay his loan.

Quidie didn't uphold his complaint and one of our adjudicators looked at the complaint and thought Quidie shouldn't have lent to Mr H. While Mr H accepted the view, Quidie didn't respond. Because the complaint couldn't be resolved, it has come to me, an ombudsman to decide.

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.

Quidie 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 H could afford to repay the loan. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and Mr H's income and expenditure.

Quidie asked Mr H about his monthly income and expenses, it said it checked these through credit reference agencies and as Mr H's declared monthly expenses was lower than the average of an adult in a similar situation, it increased his monthly expenses to reflect this.

Quidie also searched Mr H's credit file and I think the result of its search should have concerned it. The credit search showed Mr H had multiple defaults with outstanding balances. Mr H was also in an individual voluntary arrangement (IVA) since 2018. The implication of the IVA was that Mr H had struggled to repay credit. Quidie has argued that as this was historic, it excluded it from its consideration of Mr H's ability to afford the loan.

I think Quidie has sufficient indication Mr H was likely to struggle to repay this loan, given his IVA status and the outstanding balances on his defaulted accounts. Mr H hadn't been able to free himself from his debts. The fact that the IVA practitioner allowed Mr H apply for credit didn't absolve Quidie of its regulatory obligation to lend responsibly. In these circumstances, Mr H was unlikely to be able to keep up with his repayments when they fell due.

Quidie needs to put things right as it lent to Mr H when it shouldn't have.

Putting things right – what Quidie needs to do

- Remove all interest, fees and charges from the loan.

- Treat any repayments Mr H made as payments towards the capital amount.
- If the above results in a surplus, then Quidie should add interest of 8% simple a year on any overpayments from the date they were paid (if they were) to the date of settlement†.
- If there's still an outstanding balance, Quidie should agree a suitable repayment plan with Mr H.
- Remove any negative information about the loan from Mr H's credit file once the capital has been repaid.

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

My final decision

For the reasons given above, I uphold Mr H's complaint and direct Quidie Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 29 February 2024.

Oyetola Oduola
Ombudsman