

## The complaint

Mr B has complained that Western Circle Ltd trading as Quick Loans Express ("Quick Loans") didn't carry out sufficient affordability checks before it granted a loan to him. Mr B wants the interest refunded and he wants the loan record removed from his credit file as he is intending to apply for a mortgage.

## What happened

A summary of Mr B's borrowing can be found below.

loan number	loan amount	agreement date	repayment date	number of monthly instalments	largest repayment
1	£500.00	28/12/2023	29/01/2024	6	£136.80

Quick Loans wrote to Mr B with a final response letter and explained why it didn't consider an error had been made by providing the loan.

Unhappy with the response, Mr B referred the complaint to the Financial Ombudsman, where it was considered by an investigator. She didn't uphold the complaint, because she thought Quick Loans had carried out sufficient checks before it lent to him. She also didn't think that Quick Loans had to remove the loan from Mr B's credit file because it had an obligation to report accurate information to the credit reference agencies.

Mr B didn't agree with the assessment and instead asked for an ombudsman's decision. As no agreement could be reached the complaint has been passed to me 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.

We've set out our general approach to complaints about short-term lending - including all the relevant rules, guidance and good industry practice - on our website.

Quick Loans had to assess the lending to check if Mr B could afford to pay back the amount he'd borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. Quick Loans' checks could have taken into account a number of different things, such as how much was being lent, the size of the repayments, and Mr B's income and expenditure.

With this in mind, I think in the early stages of a lending relationship, less thorough checks might have been proportionate. But certain factors might suggest Quick Loans should have done more to establish that any lending was sustainable for Mr B. These factors include:

- Mr B having a low 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 amounts to be repaid being especially high (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- Mr B having a large number of loans and/or having these loans over a long period of time (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable);
- Mr B coming back for loans shortly after previous borrowing had been repaid (also suggestive of the borrowing becoming unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable for Mr B. The investigator didn't think this applied to Mr B's complaint and I would agree, as there was only one loan.

Quick Loans was required to establish whether Mr B could *sustainably* repay the loan – not just whether he technically had enough money to make his repayments. Having enough money to make the repayments could of course be an indicator that Mr B was able to repay his loan sustainably. But it doesn't automatically follow that this is the case.

I've considered all the arguments, evidence and information provided in this context, and thought about what this means for Mr B's complaint.

Quick Loans recorded that Mr B worked full time and received a monthly salary of £2,800. Quick Loans says Mr B's declared income was cross referenced with a third-party salary tool, and the results were positive, indicating the figure provided was likely to be accurate. It was therefore reasonable for Quick Loans to have relied on what Mr B declared and the results of its check.

I know from Mr B's submissions that he said he'd lost his job in November 2023 and I'm sorry to hear this. However, this wasn't reflected in either what Mr B declared to Quick Loans or the results of Quick Loans' checks. As a result, Quick Loans didn't know and couldn't reasonably know about it. It was therefore reasonable of it to have relied on what Mr B declared as well as what its own checks showed.

Quick Loans made enquiries about his living costs, which Mr B declared to be £540 per month. It's worth saying here that Quick Loans says that it assessed Mr B's monthly expenditure using what is called "*trigger values*" – taken from a well-known debt charity and these values take account of an applicant's job, location, homeowner status, to name a few. It also considered details from the credit search results, which I'll comment on further below.

Having used these trigger values it estimated Mr B's monthly outgoings were likely to be around £753.60 and it was this figure which was used for Quick Loans' affordability assessment. Using the larger monthly outgoings, there was still sufficient disposable income for Mr B to be able to afford the loan repayment.

Quick Loans also carried out a credit search and it has provided the Financial Ombudsman with a copy of the results it received from the credit reference agency. I want to add that, although Quick Loans carried out a credit search, there wasn't a regulatory requirement to do one, let alone one to a specific standard. But what Quick Loans couldn't do, is carry out a credit search and then not react to the information it received.

Quick Loans was also entitled to rely on the information it was given by the credit reference agency. So, I've looked at the results Quick Loans received from the credit reference agency to see whether there was anything contained within it, that would've either prompted Quick Loans to have carried out further checks or possibly have declined Mr B's application.

Having reviewed the credit checks I can see that Mr B had around £1,800 of debt. He had five active accounts. There were no defaults, County Court Judgments or other forms of insolvencies. All the active accounts were up to date with no adverse payment markers being reported, suggesting to Quick Loans that Mr B was on top of his repayments and was managing his outstanding accounts.

Quick Loans knew that Mr B had one active loan account costing him £133 per month. He had a current account which at the time he wasn't utilising the overdraft – but he had in the months before the loan was granted. Finally, he had three credit cards, one was close to the limit of £1,000 but the other two were well below their set limits. As I've mentioned, these accounts had been managed well without any adverse payment markers. There also wasn't anything to suggest Mr B was having financial difficulties.

Based solely on the results of the credit search there wasn't anything to suggest that Mr B had used all of his available credit on his credit cards or had been advanced payday loans. That isn't to say that Mr B hadn't now used his available credit limits or had taken further borrowing. Only that information wasn't shown in the credit search results given to Quick Loans.

In my view, Quick Loans carried out proportionate checks before the loan was granted and it was reasonable for Quick Loans to have relied on the information Mr B provided to it and the results of its own checks. There also wasn't anything to suggest that Mr B was having either financial difficulties or to indicate the loan repayments would be unaffordable or unsustainable for him. So, I don't think that Quick Loans' decision to lend was unfair or unreasonable. It therefore follows, that I don't think it is appropriate that Quick Loans refund Mr B any of the interest he paid on the loan.

Finally, I've thought about what Mr B says about removing the loan from his credit file, because he intends to apply for a mortgage. For me to be able to recommend the loan be removed I'd have to consider whether an error had been made and I've explained above why I don't think that was the case here.

Quick Loans has an obligation to report accurate information to the credit reference agencies about how the loan was repaid. Therefore, as long as it is reporting an accurate reflection of how the loan was repaid there would be no reason for Quick Loans to remove this loan from Mr B's credit file because no error has been made. I therefore don't think, in the circumstances that it would be fair for Quick Loans to remove the loan from Mr B's credit report.

I appreciate Mr B will be disappointed by my decision this considering what he has said about wanting to apply for a mortgage. But Quick Loans reporting a loan that he took and repaid to the credit reference agencies is what I'd expect it to do.

I am therefore not upholding Mr B's complaint.

### **My final decision**

For the reasons I've outlined above, I am not upholding Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 19 April 2024.

Robert Walker  
**Ombudsman**

