

The complaint

Mr J complains that Stagemount Limited trading as Quidmarket lent to him irresponsibly by approving several loans for him that he could not afford.

What happened

Mr J complained in June 2024 and in August 2024 Quidmarket issued its final response letter (FRL). It did not uphold his complaint. Here is a brief table of the loans taken by Mr J.

Loan	Date	Amount	Repayment	Repaid
1	15 November 2023	£600	3 x £267.66 Due to end 26 January 2024	3 January 2024 early
2	1 March 2024	£600	3 x £295.51	24 May 2024 on time

Mr J referred his complaint to the Financial Ombudsman Service where one of our investigators considered it. He thought that there was nothing he needed to ask Quidmarket to do and did not uphold the complaint. Mr J disagreed and the unresolved complaint was passed to me to decide. I have read all of Mr J's points in his emails.

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. Quidmarket had to assess the lending to check if Mr J could afford to pay back the amounts he'd borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. Quidmarket's checks could have considered a number of different things, such as how much was being lent, the size of the repayments, and Mr J'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 Quidmarket should have done more to establish that any lending was sustainable for Mr J. These factors include:

- Mr J 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 J 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 J coming back for loans shortly after previous borrowing had been repaid (also suggestive of the borrowing becoming unsustainable).

Quidmarket was required to establish whether Mr J could sustainably repay the loans – 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 J 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 J's complaint.

Loan 1

Quidmarket obtained a payslip from Mr J dated 27 October 2023 which verified that he was employed and his monthly salary after tax was just under £1,892. Mr J had told it that he lived at home with his parents. The significance of that was Quidmarket would have been aware that Mr J was not likely to pay much rent, if any, and was not going to be at risk of falling into debt with priority bills such as gas, electric and water.

It carried out a credit search in November 2023 and the headline figures were that Mr J had total outstanding balances of £11,569 (of which £6,700 was a hire purchase agreement balance), he had opened two accounts in the previous six months, and had historic defaulted accounts. For a lender such as Quidmarket, seeing some adverse information on a credit report is not unusual and would not be a reason to refuse a loan application if proportionate checks had been carried out and there was nothing of anything so serious that Quidmarket ought to have realised Mr J could not afford the new loan.

Quidmarket increased the monthly credit commitment amount from the £200 a month declared by Mr J to the £602 a month it had discovered was the more realistic figure. I go into more detail about Mr J's credit commitments later in this decision. Quidmarket increased his food and travel costs from £200 (as declared by Mr J) to £300. Mr J had not declared any mortgage or rent and as he was living with his parents that meant that Quidmarket kept that figure as a zero expenditure. So, with the figures Quidmarket had obtained Mr J's disposable income was £989 a month. The loan looked affordable for the three month loan term.

The credit search Quidmarket carried out has been provided to us and having reviewed it there was little to cause a lender such as Quidmarket any concern. It did show three defaulted accounts dating back to 2017 and 2019 and these had been paid off. Mr J had obtained a series of loans in 2022 and 2023, all now settled, but these had no adverse payment records on them. The further back the records went then the payment record was less good but all of those related to old and paid up accounts.

Mr J had several credit cards which either had been settled or were open with a £0 balance. He had one card which had a balance of £850 on a £1,200 credit limit, and another £400 on a £650 credit limit and another £239 on a £250 credit limit. So Quidmarket would not have been concerned about Mr J reaching his credit limits.

One older loan had ended on 30 October 2023 and he'd taken a new one starting the same day and was for £3,466 costing £288 a month for 12 months. Mr J has referred in his complaint to having taken a loan just before one of the Quidmarket loans and so he may have been referring to this one. If it was this loan then this credit search report shows me that Quidmarket was aware of it and that it was costing him £288 a month. And as I have demonstrated, Quidmarket increased the figures Mr J had declared for his credit commitments from £200 to £602 and this loan will have been one of the reasons for that cost increase. When carrying out an affordability assessment then Quidmarket did the right thing here.

Also, the credit report I've seen Quidmarket obtained, was more information. Mr J had one loan costing him £25 a month and the outstanding balance was £300. Mr J had a hire purchase (HP) agreement costing £211 each month and the outstanding balance was £6,317. There were no issues surrounding payments for these loans or the HP.

Mr J had two current accounts, one of which had a £1,000 overdraft on it which in August 2023 it registered as having £197 owed and for September 2023 the amount due was £0. For all of the above accounts which were open and for which Mr J was paying money, there were no adverse entries. Mr J had got into arrears on a credit card in the past but that had been settled in May 2021 which was some time before Mr J applied for the Quidmarket loan.

One current account was marked as delinquent but for a small amount - around £3 – and within the overall picture this would not have caused any concern to Quidmarket.

I consider Quidmarket carried out proportionate checks and it had no reason to consider that more checks needed to be made. I do not uphold the complaint about loan 1.

Loan 2

Mr J repaid Loan 1 early and without any issues. Quidmarket is entitled to review any payment history it may have had as part of its assessment when Mr J applied for the second loan two months after repaying Loan 1 early.

I have reviewed the information Mr J gave to Quidmarket together with the alterations it made when assessing Mr J for affordability. Mr J had declared that his monthly income after tax was £1,800 and Quidmarket reduced that to £1,620 after carrying out a verification check. Mr J said he paid £125 for utilities and £200 for food and travel which it increased to £250. Mr J said he was living at home with his parents and that would have been the same as the previous application.

Mr J had declared monthly credit commitments of £288 which Quidmarket increased to £716.

The credit report Quidmarket obtained on 1 March 2024 gave it some headline figures which were much the same as for Loan 1 – overall outstanding balances of £11,849 of which about 50% was for the HP agreement. So, the overall figure had not altered much.

Mr J had increased his use of his credit cards and was now at 97% of the overall credit limit across all the cards. He had opened six new accounts in the previous six months of which two had registered as having been opened in the last credit report. Plus, the first Quidmarket loan would have registered with the credit reference agency so that would have made three accounts. That meant Mr J had opened three new accounts recently. I've identified them on the report and they were for small, short term loans, and had no payment issues on them. I do not consider that Quidmarket would have been concerned about those.

The historic defaulted accounts still showed but as I have determined that those would not have made much of a difference to Quidmarket's decision for Loan 1, my view remains the same for his application for Loan 2.

The income and expenditure figures were that Quidmarket had calculated that after the outgoings Mr J had to pay for and with a slightly lower income figure, his disposable income would have been around £530.

Loan 2 was for a short period and these sorts of loans often are used to bridge the gap to the next pay date. Mr J had actually said to Quidmarket in his application it was for a holiday and it had no reason to think otherwise.

I consider that Quidmarket carried out proportionate checks and it had no reason to consider that more checks needed to be made. I do not uphold the complaint about loan 2.

I've also considered whether Quidmarket acted unfairly or unreasonably in any other way and I have considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think it lent irresponsibly to Mr J or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 21 March 2025.

Rachael Williams
Ombudsman