

The complaint

Mr C, through his representative, complains that Stagemount Limited, trading as Quidmarket, lent to him irresponsibly.

What happened

Here is a table giving brief details of the four loans Mr C took.

Loan	Approved	Amount and term	Repay date as agreed	Actual repay date
1	6 June 2019	£400 - 5 months	25 October 2019	20 June 2019 withdrawn
2	3 September 2019	£400 - 3 months	25 November 2019	25 November 2019
3	28 November 2019	£750 – 6 months	25 May 2020	25 March 2020 Repaid early
Two year nine month gap in lending				
4	29 December 2022	£600 – 3 months	24 March 2023	24 March 2023

After the complaint had been referred to the Financial Ombudsman Service, one of our investigators considered it and thought that the complaint should not be upheld. Mr C's representative forwarded to us Mr C's comments which were:

'When all the loans were taken out, I was desperate for money so the financial details that I and anybody else in debt would do is try to hide as much as you can. If you look back at my bank statements you will see how many other loans and credit cards I had to repay at that time.The checks taken out must be non existent to me because if there were real checks, then I would have been refused any loan let alone numerous loans. To me they really did not make the appropriate checks that I would now expect.'

Our investigator reviewed it all, maintained his position and the unresolved complaint was referred 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. Quidmarket had to assess the lending to check if Mr C 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 C'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 C. These factors include:

- Mr C 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 C 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 C 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 C. Our investigator did not consider that there had been enough loans lent to Mr C for this to apply and I agree. The two year nine month gap affects the way that I'd expect Quidmarket to have approached the application for loan 4. Our investigator explained that the application for loan 4 after such a long period of not having lent to Mr C means that we consider it reasonable for Quidmarket to have treated him as a new customer.

Quidmarket was required to establish whether Mr C 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 C was able to repay his loan sustainably. But it doesn't automatically follow that this is the case.

Loans 1 to 3

Mr C's income was declared to Quidmarket when he applied as being £3,600 for loan 1 and £4,000 for loans 2 and 3. These were verified and I am satisfied that Quidmarket did the proportionate check in relation to Mr C's income for each of these three loans.

I note that when Quidmarket carried out its credit search on Mr C it would have known that he had three County Court Judgments (CCJs), two of which had been several years before and had been satisfied – meaning paid off. The latest judgement debt against him had been 11 December 2018 which Mr C had satisfied on 25 January 2019. Whilst I appreciate that was relatively recent, for a lender such as Quidmarket who do not refuse loans, usually, on the basis of some adverse credit data, then I doubt that this would have led it to think that Mr C's application ought to have been refused.

And other reasons for the CCJ history not being too much of an issue for a lender like Quidmarket in the sub-prime market it dealt within, were that the first two CCJs had been several years before Mr C applied to it for loan 1, and Mr C had settled the more recent CCJ within weeks. Plus, Quidmarket had seen that Mr C's overall debt situation was not particularly high. He had a total outstanding debt balance of just over £10,000 of which £3,899 was revolving credit. It would have seen that Mr C was up to the maximum on his credit card credit limit usage which would have explained the need for Mr C applying for a cash loan. Mr C likely had a cash flow problem. Quidmarket also would have seen that Mr C had taken several payday loans, some of which still were open in June 2019.

But, to counter this, Mr C's income was strong and with his rent and utility costs (combined £1,060) plus other monthly outgoings of £200, then the amount left over from his £3,600 a

month income, I calculate to be £964. Which for a £400 loan to be repaid in five instalments of just under £136 a month for a short time leads me to agree that Quidmarket's decision to lend was not irresponsible.

Loan 2 yielded similar information to Quidmarket when it carried out its searches and verifications save that Mr C's overall debt balance had reduced to £7,558. Plus, his regular repayment credit commitments had reduced a great deal to around £200 a month. His other declared costs had been the same as for loan 1.

Mr C had, effectively, withdrawn from the previous loan and that had been almost three months before he'd applied to Quidmarket for loan 2. The amount Mr C was applying for was the same. His income was verified and that was a strong figure. The repayments for loan 2 were going to be higher at around £190 a month as the term was shorter but still loan 2 looked affordable and I do not consider this lending decision to have been an irresponsible one.

Mr C repaid loan 2 on time and without issue and then applied for a larger loan (loan 3) for £750 repayable over six months at just under £244 each month. Quidmarket carried out the same sort of checks. Although Mr C declared £4,000 as his income after tax, Quidmarket's research led to it reducing that to £3,600 after tax. And Mr C declared £200 a month on credit commitment costs but Quidmarket increased this to £1,434 a month. And that was because it had carried out the checks. So, where Mr C has said that he did not think that Quidmarket had carried out any checks then these details demonstrate it had.

The other costs Mr C had declared remained the same and loan 3 looked affordable. It was still only the third loan in this lending chain and I do not consider the lending decision an irresponsible one. So Quidmarket carried out proportionate checks and I do not uphold Mr C's complaint about loans 1 to 3.

Loan 4

Loan 4 was a £600 loan, repayable in instalments of just under £298 a month for three months. Mr C applied for it in December 2022. As I outlined earlier in this decision, a significant gap in the lending relationship – such as this one before Mr C applied to Quidmarket for loan 4 – means we consider it reasonable for it to have treated Mr C as if he was a new customer.

Mr C's representative has submitted to us that a great deal of analysis ought to have been carried out as to Mr C's credit activities between paying off loan 3 and applying for loan 4. Firstly, that goes against the approach I've just outlined.

And secondly, so long as I am satisfied that Quidmarket carried out proportionate checks before lending then I'd not consider it needed to do more. I might expect Quidmarket to have carried out a review of the lending history immediately before the December 2022 application date if there'd been, for example, a significant decline in Mr C's account management or a significant increase in adverse data recorded. But these do not appear to have been the case in December 2022.

A factor I've noted is that despite this loan 4 being the first loan of the new lending chain, Quidmarket opted to ask Mr C for a copy payslip to verify his income and Mr C sent that. I've seen a copy and the December 2022 payslip shows his pay after tax was just under £4,279. His annual salary (gross) was over £73,000. From this I consider Quidmarket had verified his income and would have been confident of this figure.

Quidmarket appears to have obtained two sets of credit search reports and one showed that he had no outstanding loan debt balance and the information says Mr C had settled earlier

loans. The other report shows he had an outstanding debt balance of £13,437 all of which was revolving credit. He had no outstanding loan balance. This may explain why Quidmarket did the other search just to check on the £0 loan balance.

For the revolving credit, the overall outstanding debt was not particularly large at £13,400. At a 5% expected minimum repayment that would have calculated to be around £670 each month. Mr C's credit limit utilisation was 93% but that of itself was not a reason not to lend. One CCJ (the one from December 2018) was still on his credit file and that was four years previously and so would not have been a concern to Quidmarket when he applied for loan 4.

Mr C had no other adverse data on the report, he'd done only two searches in the previous 12 months and opened only two accounts in the previous six months.

The expenditure Mr C was attributed with included rent/mortgage of £875, utilities of £200, food and travel £200. So, the £298 each month for this loan looked affordable.

With such a record I would not have considered it necessary or proportionate for Quidmarket to have done any further searches or additional checks. I consider it did what was proportionate and lent against the information it had been told by Mr C and what it had discovered from its own searches. I do not uphold the complaint about loan 4.

I've also considered whether Stagemount/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 C 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 I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 28 April 2025.

Rachael Williams
Ombudsman