

The complaint

Mr S complains that PROPEL HOLDINGS (UK) LIMITED trading as Quidmarket (Quidmarket) gave him which loans which were unaffordable.

What happened

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

loan number	loan amount	agreement date	repayment date	number of monthly instalments	highest repayment per loan
1	£300.00	17/02/2022	23/06/2022	5	£95.98
break in lending					
2	£400.00	10/06/2023	10/06/2023	4	£145.58
3	£400.00	24/06/2023	12/10/2023	4	£157.36
4	£300.00	17/11/2023	17/12/2023	5	£100.13
5	£700.00	20/12/2023	28/03/2024	5	£225.58
6	£400.00	28/03/2024	18/07/2024	4	£156.31

Following Mr S's complaint Quidmarket offered to put things right for Mr S about loan 6 only. The complaint was then referred to the Financial Ombudsman Service.

Where it was reviewed by an Investigator, and they upheld the complaint about loan 5 and said Quidmarket should put things right in line with what it has already agreed to do for loan 6. The complaint wasn't upheld about loans 1 – 4.

Mr S agreed with the Investigator's recommendation, but Quidmarket disagreed with the reasons why loan five should be upheld – saying.

- Opening eight new loan accounts in six months isn't excessive because Mr S was meeting his commitments.
- Mr S's overall credit commitments had reduced.
- While his unsecured debts were higher, that wasn't enough to have prompted further checks.
- Mr S requested a larger loan amount and Quidmarket's checks showed it was affordable.

As no agreement could be reached the complaint has been passed to me for a decision.

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 S 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 taken into account a number of different things, such as how much was being lent, the size of the repayments, and Mr S'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 S. These factors include:

- Mr S 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 S 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 S 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 S.

Quidmarket was required to establish whether Mr S 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 S 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 S's complaint.

Loans 1 – 4

The Investigator didn't uphold Mr S's complaint about these loans, and neither Quidmarket nor Mr S disagreed with the outcome. In my view, these loans are no longer in dispute and therefore I won't be making any further findings about them.

Loan 5

Quidmarket asked Mr S about his income and expenditure details. Mr S declared he worked full time and received a monthly salary of £1,660. Quidmarket says this income was electronically checked – but it hasn't explained how this check was carried out but it's reasonable to assume it was told that what Mr S declared was broadly accurate.

In terms of outgoings, Mr S declared these came to £370 per month. These costs were declared for credit commitments, utilities food and travel. Based solely on what Mr S declared, he had more than enough disposable income to afford these loan repayments. However, and I'll go into more detail below, but Quidmarket actually increased Mr S's outgoings to £738 each month – taking account of the information it received from the credit search.

As I said, a credit search was also carried out and Quidmarket has provided a copy of the results that it received from the credit reference agency. So, I've looked at these to see if there was anything contained within it that ought to have either led Quidmarket to have conducted further checks and or decline the application for the loan.

Superficially, the credit file didn't suggest that Mr S was likely having financial difficulties. There were no missed payments, or defaults within the last three years or any other signs of insolvency.

But there were signs that perhaps Mr S may have been reliant on credit. He had opened eight accounts within the preceding six months, and he had opened 113 accounts within the last six years.

Although Mr S had nine active accounts five of them were loans. One was classed as an 'AAI' – so an advance against income or another name for a payday loan. But given the monthly amounts advanced and the repayment amounts each month it is likely all of the loans were either payday or instatement loans. The credit check also suggested that Mr S had been reliant on credit for some time after all he had repaid 12 loans within the preceding six months.

So, while, Mr S opening eight accounts in the last six months may not be overly concerning, as Quidmarket has suggested nonetheless the other information contained within the report indicated that Mr S may have been having financial difficulties.

I do think its arguable, that this information along ought to have been enough to uphold the complaint about this loan because Mr S was clearly reliant on credit. But I also agree with the Investigator, that this was Mr S's largest capital loan to date – and whether he requested this larger sum or not is irrelevant. Quidmarket approved it and so should've, taken steps to verify the living costs Mr S had provided.

There were a number of ways it could've gone about reviewing his financial situation including the expenditure details – it could've asked for copy of her bank statements, copy of his bills, or gathered any other documentation it felt was necessary. In the circumstances of the complaint, I don't think the checks Quidmarket carried out before lending loan five were proportionate.

But the bank statements are the easiest way to find out what was happening with Mr S's finances, so I don't think it's unreasonable for me to consider them. The bank statements show the agreement wasn't likely to be affordable for Mr S. In the months leading up to the agreement he had at least five payday loan accounts active each month. And there is evidence that Mr S was borrowing from payday lenders in order to make his commitment to existing payday lenders – which clearly isn't sustainable.

I'm therefor satisfied that had Quidmarket made further checks it would've likely discovered the loan was unlikely to be affordable nor sustainable for Mr S.

I am upholding Mr S's complaint about this loan, and I've outlined below what Quidmarket needs to do in order to put things right for Mr S.

Loan 6

Quidmarket in their final response letter upheld the complaint about this loan and I see no reason to depart from those findings. For completeness I've outlined in the redress section below what it has agreed to do in order to put things right for Mr S.

Finally, I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed below results in fair compensation for Mr S in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right

Quidmarket shouldn't have given Mr S loans five and six.

- A. Quidmarket should add together the total of the repayments made by Mr S towards interest, fees and charges towards the loans.
- B. It should then calculate 8% simple interest* on the individual payments made by Mr S which were considered as part of "A", calculated from the date Mr S originally made the payments, to the date the complaint is settled.
- C. Quidmarket should pay Mr S the total of "A" plus "B".
- D. Quidmarket should remove any adverse information it has recorded on Mr S's credit file in relation to loan five.
- E. As it has already agreed to do – it will delete loan six from Mr S's credit file.

*HM Revenue & Customs requires Quidmarket to deduct tax from this interest. Quidmarket should give Mr S a certificate showing how much tax it has deducted if he asks for one.

My final decision

For the reasons I've outlined above, I am upholding Mr S's complaint.

PROPEL HOLDINGS (UK) LIMITED trading as Quidmarket (Quidmarket) should put things right for Mr S as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 July 2025.

Robert Walker
Ombudsman