

The complaint

Miss L argues that Stagemount Limited trading as Quid Market gave her loans she couldn't afford to repay.

What happened

Miss L took out the following loans with Quid Market:

Loan	Loan amount	Date taken	Number of repayments	Highest monthly repayment
One	£300	28 June 2018	6	£99.99
Two	£300	26 January 2019	6	£88.23
Three	£400	5 September 2020	3	£187.80

Miss L and her representative argue that Miss L could afford to repay the loans and so they should have been lent. She says she was finding it “*challenging to keep her debt in check*” and that during this period she had active loans from other payday lenders. She's also said Quid Market failed to help her when she struggled to repay the loans.

Quid Market has said it completed sufficient checks before agreeing to lend and that as a result of these checks, it concluded Miss L could afford to repay her loans. Unhappy with Quid Market's response, Miss L referred her complaint to our service.

Our investigator considered the complaint. They didn't think Quid Market should have agreed loan one or two. They felt that the results from Quid Market's own checks should have revealed that Miss L couldn't have afforded to repay the loans. With regards to loan three she didn't agree this loan should be upheld. She also felt the evidence suggested Quid Market had taken steps to support Miss L when she got into difficulties repaying the loans.

Miss L accepted the investigator's assessment. Quid Market didn't agree and asked for an ombudsman to consider the complaint. As Miss L has accepted the investigator's assessment, I will only be considering the two loans in dispute – loans one and two.

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.

Quid Market needed to make sure it lent responsibly to Miss L. It therefore needed to complete sufficient checks to determine if Miss L could afford to sustainably repay the lending.

Our website sets out our approach to what we typically think when deciding if a lender's checks were proportionate. There is no set list of checks a lender should do, but there is guidance on the types of checks a lender could complete. However, these checks needed to be proportionate when considering things like the amount and term of the lending, what the lender already knew about the consumer, etc.

Generally, we think that earlier in a lending relationship it would be reasonable for a lenders checks to be less extensive. However, we might expect a lender to do more, for example, if a borrower's income was low, or the amount lent was high.

Did Quid Market complete reasonable and proportionate checks before agreeing to lend?

Before agreeing the two loans in question, Quid Market asked Miss L details of her income and high-level expenditure at each application. It said it verified her income electronically and verified her credit commitment declarations by completing a credit search. In addition, it asked questions about her wider circumstances such as her marital and residential status and asked questions about whether she was struggling financially.

Looking at the amounts lent, the term and monthly repayments and the total cost of each loans, I think the level of checks were sufficient. As explained, Quid Market gained an understanding of her income and high-level expenditure, including her regular credit commitments. It also completed some independent verification of the information provided. So I think Quid Market gathered sufficient information before agreeing to lend. However, I still need to consider if, as a result of this, Quid Market make fair lending decisions.

Based on the information the checks revealed, did Quid Market make fair lending decisions?

Looking at loan one, I think that the information the checks revealed should have suggested to Quid Market that Miss L couldn't sustainably afford to repay this loan. At the time of lending, the credit search results (which Quick Quid has provided) show Miss L had opened seven new accounts in the last six months. Looking at the accounts she had recently opened, I can see a number of high-cost credit providers including payday lenders. This should have suggested to Quid Market that Miss L wasn't using this type of credit in the way it was intended (as a short-term solution) instead, she was showing signs of reliance on it.

Furthermore, I'm not satisfied that Quid Market took all her credit repayments into consideration when considering her regular expenditure. I've noted that the investigator and Quid Market disagreed over including one payday loan (Quid Market's argument that it was likely to have been repaid at this time.) However, even excluding this payment, Miss L declared £250 on regular expenditure and Quid Market has said it increased this to £432. When I've looked at the credit search results outstanding credit commitments, I reach the same figure (£432) by adding all Miss L's loan repayment amounts. However, Miss L also has two other credit cards and an overdraft which all have outstanding balances. And I can't see that Quid Market made any allowance for how Miss L was going to repay these balances within a reasonable period. And I can't see that the disposable income Quid Market had calculated would have left her with any real capacity to make meaningful repayments towards these accounts.

I have also noted that one of Miss L's credit cards had a recent period of delinquency. Although it was no longer in delinquency when the loan was taken out, this suggests Miss L had recent problems repaying an existing credit commitment at the time of taking loan one.

So taking all of this into consideration, I think the information Quid Market's checks revealed, should have suggested to Quid Market that Miss L didn't have capacity to take on further borrowing. I think it was clear that Miss L was unlikely to be able to afford to repay this loan in a sustainable way, together with her existing credit commitments and expenditure.

I think the information Quid Market's checks revealed for loan two should have also suggested that Miss L couldn't have sustainably afforded to repay this loan. At this time Miss L's active number of accounts had increased from 15 at the time of loan one to 26 at

the time of loan two and she had opened eight new accounts in the past six months. Looking at the nature of the accounts, it's clear she was relying on high cost short and medium term credit. Whilst her overall indebtedness had decreased, she had a sustained history of high cost credit. I think this also should have indicated to Quid Market that Miss L was clearly not using this credit in the way it had been designed and she was displaying a reliance on this type of credit which wasn't sustainable.

I have considered all the evidence I've been provided with, including Quid Market's arguments in response to the investigator's assessment. I note Quid Market has argued that the investigator's assessment included credit commitment repayments which would most likely have been repaid at this point. Even if I accept that is the case, I don't think that changes the outcome in this complaint. As I've explained above, Miss L was clearly over reliant on high-cost credit and was using it in an unsustainable way which wasn't what it was designed for. I think this should have been clear to Quid Market from the information it's checks revealed. And so I also don't think it should have agreed loan two.

Did Quid Market act unfairly or unreasonably in some other way?

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

Putting things right

For loans one and two, Quid Market should:

- Add up the total repayments Miss L has made and deduct these from the total amount of loan funds Miss L received:
 - a) If this results in Miss L having paid more than she received, any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement). †
 - b) If any capital balance remains outstanding, then Quid Market should arrange an affordable and suitable payment plan with Miss L.
- Market should also remove all adverse information regarding the interest, fees and charges from Miss L's credit file.

† HM Revenue & Customs requires Quid Market to take off tax from this interest. Quid Market must give Miss L a certificate showing how much tax it's taken off if she asks for one.

My final decision

For the reasons explained, I uphold this complaint against Stagemount Limited trading as Quid Market.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 22 April 2025.

Claire Lisle
Ombudsman