

## The complaint

Mr B argues that Stagemount Limited trading as Quidmarket gave him loans he couldn't afford to repay.

## What happened

Mr B initially complained about all the loans Quidmarket agreed between 2014 until 2024. Our service concluded that his complaint in relation to the first three loans and roll over of loan one, was made too late and outside the relevant time limits which apply. This decision will therefore only address the remaining four loans from May 2019 onwards, which I've detailed in the table below:

Date	Loan amount	Term	Monthly repayment	Total cost
17 May 2019	£1,000	6 months	£329.74	£1,978.44
11 June 2023	£500	5 months	£169.25	£846.25
6 November 2023	£400	3 months	£193	£579
11 March 2024	£400	4 months	£153.31	£613.24

Mr B argues Quidmarket didn't ask for any supporting information before agreeing his loans. He's said that he struggled to repay the loans whilst maintaining priority bills and other credit repayments. He therefore needed to borrow from family and friends. In addition, he's said that his financial situation adversely affected his mental health and caused high levels of stress.

Quidmarket considered his complaint. In relation to the loans taken in May 2019, June 2023 and March 2024 it felt it completed proportionate checks before agreeing to lend. In relation to Mr B's penultimate loan, taken in November 2023, Quidmarket upheld this complaint. Mr B didn't accept the offer and, unhappy with Quidmarket's response, he referred his complaint to our service. One of our investigators considered the complaint. She thought that all four loans should be upheld. Quidmarket disagreed and asked for an ombudsman to consider the complaint. It also reiterated that it upheld the loan taken in November 2023 so only the May 2019, June 2023 and March 2024 loans remain outstanding.

## 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.

Quidmarket needed to make sure it lent responsibly to Mr B. It therefore needed to complete sufficient checks to determine if Mr B 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 lender's 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 Quidmarket complete reasonable and proportionate checks before agreeing to lend?*

Quidmarket has said that before agreeing each of the three outstanding loans in question it took details of Mr B's income which it electronically verified (or took payslips if electronic verification wasn't possible). It asked Mr B for details of his high-level expenditure and completed a credit search. In addition, during the application process it took background information such as marital and residency status and asked questions to determine if Mr B was in financial difficulty.

Having considered the checks Quidmarket completed I don't think these were proportionate. I think that as a result of the information the checks revealed at each point, Quidmarket should have taken additional steps to satisfy itself Mr B could afford to repay the borrowing in a sustainable way.

Looking at the checks completed before the May 2019 loan, Mr B's credit search results show a sustained history of reliance on high-cost credit. Prior to taking the loan in question Mr B's had taken three high cost credit loans in April 2019 and two in the March 2019. In addition, he has recent problems repaying another loan and a credit card. The credit card had also just gone over its limit. I appreciate Quidmarket has said that it accounted for Mr B's monthly expenditure in its assessment of his circumstances. However, the figure it arrived at is significant in comparison to his regular net monthly income and I think Quidmarket should have been concerned that Mr B was showing overreliance on this type of credit. So, it should have taken additional steps to satisfy itself that Mr B could afford to sustainably repay the loan.

Turning to the June 2023 loan, I agree with Quidmarket's argument that there is a significant gap in lending. So, I think it was reasonable for Quidmarket to treat this as a new and separate application. However, as I've explained above, I still don't think Quidmarket completed reasonable and proportionate checks before agreeing to lend this loan. Looking at the credit search results in the two months prior to this loan, Mr B had taken out two new credit cards and a loan. In addition, Mr B had two existing credit cards where he had exceeded his existing limits and he had been consistently at or around his limit for several months prior to this application. I appreciate the two new credit cards had relatively low limits (as did one of the credit cards he'd exceeded his limit on). However, I think that based on this Quidmarket should have questioned if Mr B really had the level of expenditure declared and questioned further why Mr B needed this much lending within such a short period of time.

The final loan in question is the March 2024 loan. At this time, I can see from the credit results that Mr B's total balances had increased between this application and the previous one. In November 2023 (the loan Quidmarket had settled) Mr B had outstanding balances of £5,618. This had now increased to £8,482 by the time of the March 2024 loan which was around four months later. In addition, I can see recent repayment problems on some of the accounts shown. So again, I think Quidmarket needed to do more to determine if Mr B could afford to sustainably repay this loan before agreeing it.

*What would reasonable and proportionate checks have most likely shown? And as a result of this, did Quidmarket make fair lending decisions?*

As reasonable and proportionate checks weren't completed, I can't know what they would have shown. Mr B has provided a copy of his bank statements and in the absence of anything else I think it's fair to rely on these as an indication of what reasonable and proportionate checks would have most likely shown.

In the months leading up to Mr B's May 2019 loan I can see credits coming into the account and repayments going out to multiple other high-cost lenders. This is consistent with the information Quidmarket had from Mr B's credit file and it's questionable as to whether this alone should have stopped Quidmarket from lending. In any event, on Mr B's bank statements I can see frequent and consistent high levels of online gambling which is consistent with Mr B's testimony that he was reliant on gambling. I've noted that Mr B had a credit balance throughout and at points this is relatively high. However, given the volume of gambling, I think it's clear that it would have been irresponsible to have lent to Mr B in these circumstances. As an example, on one day in April 2019 Mr B's statements show over 60 separate gambling transactions. So, taking everything into consideration, I think if Quidmarket had completed proportionate checks it's likely it would have uncovered that it would be irresponsible to lend to Mr B. As a result, I don't think Quidmarket made a fair lending decision.

Turning to the loans in June 2023 and March 2024, I'm reaching the same conclusion for the same reasons. Looking at Mr B's statements in the months leading up to the June 2023 and March 2024 loan, he is still gambling at a frequent and consistent volume. And this, coupled with the information on Mr B's credit file at both points, should have again suggested to Quidmarket that it would have been irresponsible to lend to Mr B and that he was unlikely to be able to sustainably repay the borrowing.

So for the reasons explained I don't think Quidmarket should have agreed any of the three loans in question.

*Did Quidmarket act unfairly or unreasonably in any other way?*

I've 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 B 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**

In relation to all four loans in dispute, Quidmarket should:

Add up the total repayments Mr B has made and deduct these from the total amount of money Mr B received.

a) If this results in Mr B having paid more than he received, any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement). † Quidmarket should also remove all adverse information regarding this account from Mr B's credit file.

b) If any capital balance remains outstanding, then Quidmarket should arrange an affordable and suitable payment plan with Mr B. Once Mr B has cleared the balance, any adverse information in relation to the account should be removed from his credit file.

† HM Revenue & Customs requires Quidmarket to take off tax from this interest. Quidmarket must give Mr B a certificate showing how much tax it's taken off if he asks for one.

### **My final decision**

For the reasons explained, I uphold this complaint against Stagemount Limited trading as Quidmarket and require it to put things right in the way I've detailed above.

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

Claire Lisle  
**Ombudsman**