DRN-5545816

The complaint

Mr K complains through a representative that PROPEL HOLDINGS (UK) LIMITED trading as Quid Market (Quid Market) gave him loans without carrying out sufficient affordability checks.

What happened

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

loan number	loan amount	agreement date	repayment date	number of monthly instalments	highest repayment per loan
1	£350.00	27/11/2021	25/03/2022	4	£141.39
2	£500.00	28/03/2022	25/08/2022	5	£179.05

Quid Market didn't uphold Mr K's complaint and his representative then referred it to the Financial Ombudsman Service. Where it was reviewed by an Investigator, who in the latest assessment upheld the complaint about loan two only. Saying the credit check results showed Mr K was reliant on payday loans.

Quid Market disagreed with the reasons why loan two should be upheld – saying:

- An assessment was carried out which including obtaining a copy payslip.
- The repayment history of loan one shows there were no financial difficulties.
- There was no indication Mr K was reliant on credit.
- None of Mr K's active credit accounts were in arrears.

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.

Quid Market had to assess the lending to check if Mr K 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. Quid Market'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 K'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 Quid Market should have done more to establish that any lending was sustainable for Mr K. These factors include:

- Mr K 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 K 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 K 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 K.

Quid Market was required to establish whether Mr K 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 K 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 K's complaint.

Loan 1

The Investigator didn't uphold Mr K's complaint about this loan. The Investigator concluded that while the income and affordability checks may have shown the loan was affordable the credit check data Quid Market received ought to have prompted a further review.

I've considered what the Investigator and I would agree. The loan appeared affordable based on Quid Market's affordability checks – after asking about his income and expenditure and then cross referencing it with statistical data and the credit check results. Quid Market worked out Mr K's monthly disposable income was likely to be around £950 – making the repayment of £141 affordable.

The credit checks for loan one showed a couple of credit card accounts had recently been in arrears and at the time Mr K potentially already had some outstanding payday loans with other lenders.

The Investigator suggested that this ought to have prompted some further checks into Mr K's existing payday loan commitments. While the bank statements were used, this was just one of the methods Quid Market could've used to get a better idea of what Mr K's actual outstanding paydays loans were.

I've taken a look at the bank statements as well and I've come to the same conclusion as the Investigator for broadly the same reason. Had Quid Market made further enquires it would've just about decided the loan was affordable and sustainable for Mr K.

Therefore, I am not upholding Mr K's complaint about loan one.

Loan 2

This is the loan upheld by the Investigator and which Quid Market disagrees that it should have to pay compensation for. I've thought about the comments Quid Market as provided as well as the rest of the information it has given the Financial Ombudsman and having done so, I've come to the same conclusions as the Investigator – that Quid Market ought to not have approved this loan, and I've explained why below.

Quid Market asked Mr K about his income and expenditure details. Mr K declared he worked full time and received a monthly salary of £2,240. Quid Market says this income was checked with a payslip – which shows that Mr K's income, at least in March 2022, was greater than what he declared. But to err on the side of caution Quid Market appears to have used the figure that Mr K provided as part of his application.

In terms of outgoings, Mr K declared these came to £600 per month. These costs were based on a number of categories including credit commitments, utilities food and travel. Based solely on what Mr K declared, he had more than enough disposable income to afford these loan repayment. However, taking account of the credit search results and using statistical averages Quid Market actually increased Mr K's outgoings to £981 each month.

As I said, a credit search was also carried out and Quid Market 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 Quid Market to have conducted further checks and or declined the application for the loan.

Superficially, the credit file didn't suggest that Mr K was likely having financial difficulties. There weren't any defaults within the last three years or any other signs of insolvency. But, Quid Market was told two accounts had entered delinquency – within the previous year.

But there were signs that perhaps Mr K may have been reliant on credit. He had opened six accounts within the preceding six months, and he had opened 75 accounts within the last six years.

Although Mr K had 11 active accounts (which included loan one) five of the accounts 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 instalment loans. The credit check also suggested that Mr K had been reliant on credit for some time, after all, he had repaid six loans within the six months before this loan was advanced.

Including the first loan, Mr K had settled around six payday or instalment loans within the preceding six months of this loan being opened. With Quid Market knowing that six accounts had been opened within the preceding six months, I think it's fair to say that Mr K was reliant on payday loans.

So, while, Mr K opening six accounts in the last six months may not be overly excessive, as Quid Market has suggested. I think given the number of active payday loans along with Mr K's history of taking out new loans when other loans had been repaid should have made Quid Market realise that Mr K was reliant on credit and show the loan wasn't likely to be sustainable for Mr K.

He was also showing signs of having had difficulties maintaining his existing credit commitments in the months leading up to this loan being granted. Mr K had a credit card that was over its limit and was being reported as being in arrears by one month. And this was the second time the account had entered arrears within the previous six months. There was also another credit card that was over the limit but the creditor wasn't reporting the account as being in arrears. But still, this account had been in arras only three months before the second loan was advanced. Finally, there was a mail order account that has been in arrears only two months before the loan was advanced.

So, I disagree with Quid Market as the credit check showed Mr K's accounts were in arrears. Indeed, the information supplied showed that Mr K had been having difficulties maintaining his existing credit commitments.

I am therefore upholding Mr K's complaint about this loan and I've outlined below what Quid Market needs to do in order to put things right for Mr K.

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 K 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

Quid Market shouldn't have given Mr K loan two.

A. Quid Market should add together the total of the repayments made by Mr K towards interest, fees and charges towards the loan.
B. It should then calculate 8% simple interest* on the individual payments made by Mr K which were considered as part of "A", calculated from the date Mr K originally made the payments, to the date the complaint is settled.
C. Quid Market should pay Mr K the total of "A" plus "B".
D. Quid Market should remove any adverse information it has recorded on Mr K's credit file in relation to the second loan.

*HM Revenue & Customs requires Quid Market to deduct tax from this interest. Quid Market should give Mr K 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 K's complaint in part.

PROPEL HOLDINGS (UK) LIMITED trading as Quid Market should put things right for Mr K as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 24 September 2025.

Robert Walker
Ombudsman