

## **Complaint**

Miss S has complained about high-cost short-term credit instalment loans she took out with Quidie Limited (trading as “Fernovo”). She says Fernovo should not have provided her with three loans because of her existing situation and the fact that this made the loans unaffordable.

## **Background**

This complaint centres on the provision of three high-cost short-term credit instalment loans that Fernovo provided to Miss S.

The first of these loans was taken in July 2021, was for £100 and was due to be repaid in two instalments of £46.02 followed by a final instalment of £47.24. The second of the loans was taken in June 2022, was for £150 and was due to be repaid in two monthly instalments of £66.55 and final instalment of £68.70. The last of loans was taken in July 2024, was for £250 and was due to be repaid in four monthly instalments of £97.71 followed by a final instalment of £99.03.

One of our adjudicators reviewed what Miss S and Fernovo had told us. And she thought that Fernovo hadn’t treated Miss S unfairly and so didn’t uphold the complaint.

Miss S disagreed with our investigator and asked for an ombudsman to look at her complaint.

## **My findings**

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about short term lending on our website. And I’ve used this approach to help me decide Miss S’ complaint.

Having carefully thought about everything I’ve been provided with, I’m not upholding Miss S’ complaint. I’d like to explain why in a little more detail.

Miss S was provided with high-interest loans, intended for short-term use. So Fernovo needed to make sure that it didn’t provide them irresponsibly. In practice, what this means is that Fernovo needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Miss S before providing it.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of

it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Fernovo says it agreed to Miss S' applications after she'd provided details of her monthly income and expenditure. It says the information Miss S provided on his income and expenditure showed that she'd be able to comfortably make the repayments she was committing to. And in these circumstances, it was reasonable to lend. On the other hand, Miss S says that the loans were unaffordable and her pattern of borrowing shows this.

I've carefully thought about what Miss S and Fernovo have said. The first thing for me to say is that the total period of time Miss S was expected to be indebted to Fernovo for was around ten months. So Miss S was only ever intended to be indebted to Fernovo for a short period. Equally, it isn't uncommon for a lender to provide a high-cost short-term credit loan for £500 (which is the sum total that Miss S was lent) over a ten-month period. In these circumstances, I don't think that the pattern of borrowing here automatically shows that Miss S shouldn't have been lent to.

The information provided does suggest that Miss S was asked to provide details of her income and expenditure. Bearing in mind the amount of the monthly repayment, the questions Fernovo asked Miss S and the period of time between a later loan being taken and the previous one being repaid, I don't think it was unreasonable for Fernovo to rely on the information Miss S was providing.

Furthermore, the credit checks didn't demonstrate a worsening of Miss S' position over the time she was borrowing either. For example, at the time of the first loan Miss S had no significant adverse information – such as defaulted accounts or county court judgments ("CCJ") – recorded against her and this remained the case by the time she applied for her third loan almost three years later.

I accept that Miss S' says that her actual circumstances weren't reflected either in the information she provided, or the other information Fernovo obtained. And I'm sorry to hear that Miss S was struggling financially and that she found it difficult to repay her loans. But Fernovo could only make its decisions based on the information it had available at the time. And, bearing in mind all of the circumstances here, I don't think proportionate checks would've extended into Fernovo asking Miss S to provide evidence such as bank statements to verify what she was declaring.

Equally it's only really fair for me to uphold a complaint where I can safely say a lender did something wrong. And, in this case, I don't think that Fernovo did anything wrong in deciding to lend to Miss S - it carried out reasonable checks even though it looks like the information it might not have highlighted Miss S' overall position.

Fernovo reasonably relied on the information provided with and given the amount of the repayments involved and the overall circumstances of Miss S' loan history, I don't think it was unreasonable for Fernovo to lend – especially as there wasn't anything obvious, in the information it had, to suggest Miss S wouldn't be able to sustainably repay these loans.

I've also considered what Miss S has said happened when she had difficulty making the payments on her third loan. I appreciate that Miss S is unhappy that Fernovo asked her for evidence of being unwell in order to consider a request for a payment plan, before going to grant the plan before receiving it.

In the first instance, I'm sorry to hear that Miss S fell ill. I hope that she's feeling better now. I don't know why Fernovo changed its mind and it might have made things easier if it had just accepted Miss S' request without asking for evidence. However as it ended up granting the

payment plan anyway, I'm satisfied that Miss S didn't lose out as a result of being asked for the information.

In reaching my conclusions, I've also considered whether the lending relationship between Fernovo and Miss S might have been unfair to Miss S under s140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I'm not persuaded that Fernovo irresponsibly lent or treated Miss S unfairly bearing in mind all of the circumstances. And I haven't seen anything to suggest that s140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

So overall and having considered everything, I don't think that the Fernovo acted unfairly when provided Miss S' loans or responding to her request for help when she had difficulty making her payments. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm not upholding Miss S' complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 13 October 2025.

Jeshen Narayanan  
**Ombudsman**