

The complaint

Miss J complains that Quidie Limited trading as Fernovo (“Quidie”) provided her with a loan without carrying out sufficient affordability checks. Had better checks been made Quidie wouldn’t have lent to her.

What happened

Quidie advanced one loan of £300 to Miss J in November 2024. Miss J was due to make five monthly payments of £100.74 followed by a final payment of £93.38. Miss J repaid the loan in February 2025.

Quidie considered the complaint and concluded it had made a reasonable decision to lend because it had carried out proportionate checks which showed Miss J should be able to afford it. However, as a gesture of goodwill and the bases that Miss J withdrew the complaint Quidie would refund Miss J £28. Unhappy with this response, Miss J referred the complaint to the Financial Ombudsman.

The complaint was then considered by an Investigator, who didn’t uphold it because he said Quidie had carried out a proportionate check. Miss J didn’t agree and asked for an Ombudsman to review the complaint. As no agreement could be reached the complaint has been passed to me for a final 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 this type of lending - including all the relevant rules, guidance and good industry practice - on our website.

Quidie had to assess the lending to check if Miss J could afford to pay back the amount she’d borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. Quidie’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 Miss J’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 Quidie should have done more to establish that any lending was sustainable for Miss J. These factors include:

- Miss J 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);
- Miss J 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);

- Miss J 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 Miss J. The Investigator didn't consider this applied in Miss J's complaint, and I agree given that there was only one loan.

Quidie was required to establish whether Miss J could *sustainably* repay the loan – not just whether she technically had enough money to make her repayments. Having enough money to make the repayments could of course be an indicator that Miss J was able to repay the 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 Miss J's complaint. Having done so I am satisfied Quidie carried out proportionate checks which demonstrated the loan was affordable for Miss J.

Quidie asked Miss J for details of her income, which she declared as being £2,500 per month. However, Quidie didn't just rely on what it was told – it cross checked the declared income using a third-party report which gave Quidie a high level of confidence that Miss J's declared income was accurate. This was reasonable.

Miss J also declared total monthly outgoings of £1,600 – which included rent, food, credit commitments and other. Perhaps some of these figures are a little lower than what would be expected but Miss J had declared that she lived with parents / family. So Quidie wouldn't have expected Miss J to have the same sort of priority debts that perhaps someone in rented or mortgaged accommodation may have.

Quidie then went about checking this information. Firstly, Quidie said it used an "*affordability*" report provided by a credit reference agency and that report indicated that the amount Miss J paid each month for her other credit commitments wasn't as high as she declared so Quidie used the amount declared by Miss J - £900 per month which was reasonable.

Secondly, excluding credit commitments and the mortgage, Miss J had declared other living costs of £150 per month. Quidie says this is much lower than averages provided by the Money Advice Service (MAS). Using MAS averages for someone in a similar situation to Miss J it concluded her living costs should be around £804 per month and so this is the figure which was used for Quidie's assessment.

Overall, Quidie used the MAS average of £804 of living costs, plus housing costs of £550 and the credit commitments of £900 giving total monthly outgoings of £2,254. This left £246 per month in disposable income to afford the largest repayment of around £93. The loan looked affordable.

Quidie also carried out a credit search and it has provided the results it received from the credit reference agency. It is worth saying here that although Quidie carried out credit searches, there isn't a regulatory requirement to do one, let alone one to a specific standard. But what Quidie couldn't do is carry out a credit search and then not react to the information it received.

The headline data wouldn't have given Quidie cause for concern, it knew that Miss J didn't have any defaults, missed payments or other types of insolvency such as County Court Judgement. And the open accounts that Quidie was aware of had been well managed, it wouldn't have concluded Miss J was or likely having financial difficulties.

The credit checks alone wouldn't have prompted Quidie to carry out further checks or to have automatically declined the lending this is despite the fact it knew that Miss J was using – and had been using a number of buy-now-pay later accounts. These had been well managed and so I don't think Quidie would've placed too much weight on them when looking at Miss J overall financial position.

Overall, there wasn't enough in the information Quidie collected to have made it think it needed to go further with its checks – such as verifying the information Miss J had provided through bank statements. It would've been disproportionate for Quidie to have considered her bank statements.

I'm therefore not upholding Miss J's complaint.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Quidie lent irresponsibly to Miss J or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

So, for the reasons I've explained above, I'm not upholding Miss J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 10 February 2026.

Robert Walker
Ombudsman