

The complaint

Mr R complains that Quidie Limited trading as Fernovo gave him a loan he couldn't afford to repay.

What happened

In March 2025 Mr R took out a loan of £300 which was to be paid in four monthly payments of around £114 per month. He declared the purpose of the loan was for car repairs.

Mr R argues that Fernovo shouldn't have agreed this loan. He said he was in an active IVA at the time and was gambling heavily. Mr R doesn't feel that Fernovo carried out meaningful checks before agreeing to lend, such as reviewing his bank statements.

Fernovo considered Mr R's complaint but didn't agree. It argued it completed sufficient checks and based on this, it was reasonable to lend. It did make a gesture of goodwill offer to reduce his balance slightly and remove the loan from his credit file once it had been repaid. Mr R didn't accept this offer and referred his complaint to our service.

One of our investigators considered the complaint but didn't uphold it. They thought Fernovo completed proportionate checks and that the information the checks revealed, suggested Mr R could afford to repay the loan.

Mr R didn't agree and asked for an ombudsman to consider the complaint.

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.

Having done so, I'm also not going to uphold this complaint.

I've read everything that the parties have said, but I'll concentrate my comments on what I think is relevant. If I don't comment on a specific point it's not because I've failed to consider it, but because I don't think I need to comment in order to reach a fair and reasonable outcome. And our rules allow me to do this. This reflects the nature of our service as a free and informal alternative to the courts.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. I have used this approach to help me decide Mr R's complaint.

Fernovo needed to make sure it lent responsibly to Mr R. It therefore needed to complete sufficient checks to determine if Mr R 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.

Before agreeing to lend, Fernovo has said it asked Mr R about his income and essential expenditure, details of his employment and living situation. Mr R confirmed he was employed and living with parents/family. He declared an income of £1,900 and total expenditure of £1,200 which was made up of declarations for housing costs, utilities/bills, food, transport, existing credit commitments and other commitments. In addition, Fernovo completed a credit search.

To verify the information provided, Fernovo checked Mr R's declared income against credit file information. I have some information to suggest the verified income was marginally lower than what he declared at £1,844 per month. It also compared Mr R's expenditure declarations to national averages and found that they were higher than the national averages. So Fernovo felt confident relying on them.

As a result of the credit search information, Fernovo also increased Mr R's declared repayments for existing credit slightly (from £200 to £258). The income and expenditure information suggested Mr R had around £580 in disposable income available to repay the loan. In addition, the results of the credit search didn't show recent adverse information or problems managing his money. So Fernovo concluded that Mr R was able to afford the repayments in question.

I've considered the checks Fernovo completed and I think they were proportionate. This was a relatively low loan, with low monthly repayments and it was due to be repaid over a short term. As explained, Fernovo had taken steps to explore Mr R's regular income and essential expenditure. And it had considered how he was managing his existing credit.

Turning to the results of the checks, I agree these demonstrated Mr R was managing his existing commitments well and had sufficient disposable income to repay the loan in question. I have noted some recent applications for short term lending on Mr R's credit file, but not to the extent that I think Fernovo should have been concerned. So I think it was reasonable for Fernovo to agree the loan in question.

I appreciate Mr R has argued that his actual position was far worse than the checks revealed. He's argued that if Fernovo had reviewed his bank statements it would have seen that Mr R was gambling and that it wasn't responsible to lend. However, the lender wasn't specifically required to review Mr R's bank statements. It was required to complete proportionate checks, and I think it would have been disproportionate, given the loan in question, for Fernovo to have asked for bank statements.

Mr R has also said he was in an active IVA and so Fernovo shouldn't have lent to him. Having looked at the credit results Fernovo obtained, I can't see this is featured. I don't know why this was, but I think it was reasonable for Fernovo to rely on the credit reference agency information provided. This information also showed Mr R had no recent defaults and that he was up to date on payments for existing credit commitments.

Finally, I note Mr R has said he was declined for a loan with Fernovo shortly before taking the loan in question. I don't know why this was the case and loans can be declined for any number of reasons, so this alone doesn't persuade me it wasn't reasonable to lend. Furthermore, I do have some information which suggests the declined application may have been for a higher amount than the loan in question. This may have factored into the decision to decline the application. In addition, Mr R has said he wasn't always forthcoming when applying for credit. So, it might have been that some of the information used wasn't accepted. In any event, I don't think an earlier declined application is sufficient in this case to suggest that Fernovo did something wrong when agreeing this loan. As I've explained above, I think Fernovo completed proportionate checks, and the result of these clearly

suggested Mr R could afford to sustainably repay this loan. So, I think Fernovo made a fair lending decision.

My final decision

For the reasons explained, I don't uphold this complaint against Quidie Limited trading as Fernovo.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 8 January 2026.

Claire Lisle
Ombudsman