

The complaint

Mr G complains that Quidie Limited trading as Fernovo (“Quidie”) provided him with loans without carrying out the sufficient affordability checks. Had further checks been made Quidie would’ve seen that Mr G was already in financial difficulties.

What happened

A summary of Mr G’s borrowing can be found below.

loan number	loan amount	agreement date	repayment date	number of monthly repayments	largest monthly repayment amount
1	£300	11/09/2024	31/10/2024	2	£193.60
2	£300	08/02/2025	30/04/2025	3	£142.62
3	£300	08/05/2025	outstanding	3	£146.07

Quidie considered the complaint, and it outlined the checks that it carried out before it approved the loans. Quidie concluded the checks were proportionate and showed Mr G could afford the repayments. However, as a gesture of goodwill, it would remove interest from the last loan and prevent any further charges being applied. Quidie has since confirmed this goodwill offer is no longer available.

The complaint was considered by an Investigator who didn’t uphold it. Mr G didn’t agree with the assessment, and I’ve summarised his responses below.

- Quidie can’t rely on unverified living costs and a headline income figure – where there are risk indicators.
- The checks carried out by Quidie weren’t proportionate because bank statements were needed to verify Mr G’s circumstances.
- At the time of some of the loans Mr G had been suspended from his employment and he was gambling.
- Mr G has documented health conditions that impact his money management and Quidie ought to have treated him as a vulnerable customer.
- Mr G was taking other short-term loans from other lenders at the same time as he was borrowing from Quidie.
- The regulations under CONC 5.2A (sections 18-20) mean more checks are needed the longer the relationships continues.
- Mr G’s credit file contained red flags such as payday loans and overdraft dependence.
- When loans 2 and 3 were granted Mr G was suspended from work and his finances were deteriorating.
- The goodwill offer is an implicit admission that Quidie did something wrong. Mr G points towards DISPS 1.4.1R that the redress ought to put him back into the position he would’ve have been in had an error not been made.
- There was repeat borrowing between Mr G and Quidie.

These comments didn't change the Investigator's mind and as no agreement has been reached, the case has been passed to me to decide.

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.

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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 Mr G 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. 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 Mr G'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 Mr G. These factors include:

- Mr G 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 G 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 G 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 G. The Investigator didn't consider this applied to Mr G's complaint and I would agree given the number of loans, the amounts advanced, time in debt and the small break between loans 1 and 2.

Quidie was required to establish whether Mr G 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 G was able to repay his loans 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 G's complaint.

Loan 1

Quidie asked Mr G for details of his income, which he declared as being £2,250 per month. It is my understanding of Quidie's lending practices that it may have cross referenced information through a third-party report. So Quidie didn't just accept what Mr G provided and so for a first loan I think the income check was proportionate.

Mr G also gave details of his living costs across, housing, bills, food and credit commitments. He declared these costs came to £680 per month. 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 Mr G’s credit commitments. Secondly, Quidie considered the costs Mr G had declared for other living costs and housing costs. Quidie compared what Mr G said against averages provided by the Money Advice Service’s (MAS). Using MAS averages for someone in a similar situation to Mr G, it concluded the living costs declared by Mr G weren’t likely to be enough to cover the costs he had. So instead, of using £80 for living costs it used £810.

So, the rent payment of £600, plus the cost of living payment of £810 added to the credit commitments of £382 left a sufficient amount of disposable income for Mr G to be able to afford his Quidie repayments. I would also add that for a first loan using a combination of declarations and cross checking was sufficient, Quidie didn’t need to do any further checks, such as reviewing his bank statements.

Quidie also carried out a credit search, it has provided the results it received from the credit reference agency. It is worth saying here that although Quidie carried out a credit search, 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 if necessary.

The headline data isn’t concerning. Mr G had 11 active credit accounts owing just over £3,699. Mr G had one credit card with a £787 balance and three loans costing Mr G £373 per month. The amount Quidie calculated as Mr G’s likely existing credit commitment was reasonable and broadly accurate. And I have referred to that figure used by Quidie earlier in this decision.

In my view, there were no signs from the credit report which would’ve indicated that Mr G was having or was likely having financial difficulties at the time. As a result, I’ve concluded the checks carried out by Quidie were proportionate and so I do not uphold Mr G’s complaint about this loan.

Loans 2

Mr G repaid loan 1 as expected and then didn’t borrow from Quidie for just over three months. While this gap is clearly not enough to break the chain of lending, it did nonetheless provide some evidence to Quidie that Mr G wasn’t dependent on its loans. After all, this three-month gap is almost twice as long as the time that Mr G had spent indebted to Quidie.

Quidie carried out the same sort of checks as loan 1. It asked Mr G for details of his income and expenditure. It then went about cross checking these using tools and information derived from the credit reference agencies. The results of this check were that Mr G’s income remained broadly similar at £2,200 per month and when thinking about his existing credit commitments and the cost-of-living payments he was left with a sufficient amount of disposable income to afford the repayments.

Mr G has said at the time he was suspended from work, but that information wasn’t disclosed to Quidie and I think it was more than reasonable of it to have relied on Mr G’s declaration and the tools it used to cross check what he had declared.

As before a credit search was carried out and bearing in mind the caveats that I’ve listed above, I’ve gone on to review the credit search results. There were again no defaults,

County Court Judgements or insolvencies. This time, Mr G's overall debt had slightly decreased. He had 3 loans costing him £344 per month and then credit card debt of £807.

It does look that Mr G had sporadic problems repaying his credit card – but the account was then brought quickly up to date. And given the other debts Mr G had, the debts had decreased and this loan was for the same amount of loan 1. I don't think any of these factors would've led Quidie to conduct further checks into Mr G's circumstances such as reviewing his bank statements or having to need to verify his circumstances.

I am therefore not upholding this loan as Quidie carried out a proportionate check which demonstrated that the loan was affordable for Mr G.

Loan 3

Just over a week after repaying loan 2, Mr G was granted another loan for the same amount. Mr G says this ought to have triggered further checks by Quidie as this was now the third loan in around eight months. But I disagree. I've looked at and considered the pattern of borrowing and I don't think by loan 3 Quidie would've been concerned that this loan would've been obviously harmful to Mr G that it shouldn't have lent.

I say this because Mr G's loans weren't increasing in value (or repayment term) which could be an indicator of financial difficulties and dependence. It also wasn't the case that Mr G had been indebted for the entire of the eight months (up to the point this loan was granted).

As with the two previous loans, Quid Market's checks indicated that Mr G would be in a position to afford his repayments taking account of the checked income, using the MAS averages for living costs and the cost of Mr G's monthly credit commitments.

I do have some concerns that for this loan Mr G didn't disclose any rent to Quidie – as he had done for previous loans. But had Quidie used the largest rent figure he had previously declared then there was still a sufficient amount of disposable income to afford this repayment.

While the disposable income calculated by Quidie may not have been entirely accurate the test that Quidie is required to do is to conduct a proportionate check based on the information it had available at the time taking account of the circumstances of the application and the loan history. And for the reasons I've given, I'm satisfied a proportionate check was conducted before this loan was advanced.

Mr G says he was still suspended from work when this loan was granted. It doesn't look like Mr G told Quidie and even if had carried out further checks – to be clear I don't think it needed to, then it still may not have discovered the further information about Mr G's employment.

The credit checks again didn't show any defaults, insolvencies or CCJs. Mr G's account had been repaid as expected apart from a credit card account which was now subject to a payment arrangement. I've thought carefully about this and whether this would've triggered further checks. But given the rest of Mr G's credit file appeared to have been well maintained I'm not persuaded adverse information on one account would've led Quidie to carry out further checks.

And while the credit file showed that Mr G had three current accounts none of these, according to the results the overdraft(s) weren't being used. What this does mean is that I think it was reasonable for Quidie to have relied on the results of its own checks without the

need to verify Mr G's income or expenditure more closely. As such I don't think it had reached the point where it needed to obtain bank statements.

Mr G has said that due to his gambling, had Quidie seen his statements it wouldn't have lent to him. But for me to be able to uphold the complaint for this reason, I would have to be satisfied that either Quidie was told about the gambling or would've likely known about it by carrying out a proportionate check.

I'm satisfied Quidie didn't know about Mr G's gambling, but I also don't think it had yet reached the point where Quidie needed to start verifying the information Mr G was giving it. As such, it wouldn't have asked for or received his bank statements. In the circumstances its only through the bank statements that the gambling would've likely been discovered. Taking account of the circumstances of the complaint, it would've been disproportionate for Quidie to have gathered Mr G's bank statements.

Based on the information provided by Mr G in this complaint and another one he was vulnerable at the time, at least when loans 2 and 3 were granted. But there wasn't any indication of his vulnerabilities in the information he provided or the results of Quidie's checks. And as far as I can see Quidie wasn't made aware of these until Mr G made his complaint. This does mean in the circumstances of this complaint, I'm not able to uphold it because of the vulnerabilities Mr G had at the time.

I appreciate this outcome will be disappointing to Mr G given all the submissions he's provided. There is an outstanding balance to be paid and Quidie does know about Mr G's vulnerability and so any help and support moving forward will need to reflect that and I would remind it of its obligation to treat Mr G fairly and with forbearance.

Quidie did make an offer to settle the complaint which it has explained is no longer available. As I said it will need to treat Mr G fairly and with forbearance, so if he hasn't already Mr G may wish to contact Quidie to see what help and support it can provide.

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 Mr G or otherwise treated him 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

For the reasons I've outlined above, I am not upholding Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 22 May 2026.

Robert Walker
Ombudsman