

The complaint

Miss B complains that Quidie Limited trading as Fernovo (“Quidie”) provided her with a loan without carrying out sufficient affordability checks.

What happened

Quidie advanced one loan of £250 to Miss B in July 2023. Miss B was due to make three monthly payments of £90.22 followed by a final payment of £92.36. Miss B has had problems repaying the loan and she’s currently repaying the balance through a repayment plan.

Quidie considered the complaint and concluded it had made a reasonable decision to lend. However, as a gesture of goodwill and on the basis that Miss B withdrew the complaint, Quidie would refund Miss B £10 and once the loan is repaid it would remove it from her credit file. Unhappy with this response and offer, Miss B referred the complaint to the Financial Ombudsman.

The complaint was then considered by an Investigator, who didn’t uphold it because she said Quidie had carried out a proportionate check. Miss B didn’t agree and I’ve summarised her points below.

- Miss B has already paid £350 towards the loan yet Quidie has continued to charge interest.
- The current repayment plan that Miss B is making is unaffordable for her and Quidie has failed to show its provided adequate forbearance.
- Miss B’s complaint is concerned with the original lending decision and Quidie’s conduct in the ongoing management of the account.

These points didn’t change the Investigators’ mind and so the complaint has been passed to me to review.

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.

Miss B has said that after agreeing a repayment plan there have been problems with the administration of it which have led to further financial difficulties. This wasn’t part to the original unaffordable lending complaint which was made by Miss B. So, if Miss B is unhappy with Quidie’s actions in relation to the repayment plan than in the first instance she needs to raise her concerns directly with Quidie.

It is my understanding from what Quidie has recently disclosed that another complaint has already been raised about the repayment plan. If Miss B has a final response letter, then

subject to our jurisdiction rules she may be able to refer the complaint here. To be clear, this decision will only deal with Quidie's decision to provide the lending.

Quidie had to assess the lending to check if Miss B 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 B'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 B. These factors include:

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

Quidie was required to establish whether Miss B 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 B 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 B's complaint. Having done so I am satisfied Quidie carried out proportionate checks which demonstrated the loan was affordable for Miss B.

Quidie asked Miss B for details of her income, which she declared as being £2,050 per month. However, Quidie didn't just rely on what it was told – it cross checked the declared income using a third-party report. This gave Quidie a high level of confidence that Miss B's declared income was accurate. This is a proportionate check for the amount of money being advanced.

Miss B also declared total monthly outgoings of £400. Perhaps some of these figures are a little lower than what would be expected but Miss B had declared that she lived with parents / family. So Quidie wouldn't have expected Miss B to have the same sort of priority debts that perhaps someone in rented or mortgaged accommodation may have.

But in saying that, 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 B paid each month for her other credit commitments was higher than she declared so Quidie – it used a figure of £328 per month – this was reasonable as it had information to suggest her commitments were greater than she declared.

Secondly, excluding credit commitments, Miss B had declared other living costs of £200 per month. Quidie says this was much lower than averages provided by the Money Advice Service (MAS). Using MAS averages for someone in a similar situation to Miss B it concluded her living costs should be around £661 per month and so this is the figure which was used for Quidie's assessment.

Overall, Quidie used the MAS average of £661 of living costs, plus credit commitments of £328 giving total monthly outgoings of £989. This left a sufficient amount of disposable income to afford her monthly repayments.

Quidie also carried out a credit search, and it has provided the results it received from the credit reference agency. The headline data wouldn't have given Quidie cause for concern, there were no types of insolvency or any County Court Judgements or adverse payments within the last year. Miss B's active accounts had been managed well and so Quidie wouldn't have been prompted to either carry out further checks or to have declined the lending.

It knew about two defaulted accounts from 2020 which had been settled in 2022. It had been nearly three years since the last default when the loan was approved and so I think Quidie was entitled to place less weight on them as an indicator of current financial difficulties.

In my view, the credit checks along wouldn't have prompted Quidie to carry out further checks or to have automatically declined the application. It therefore follows that because I'm satisfied a proportionate search was conducted, Quidie didn't need to verify Miss B's information more closely through bank statements as this would've been disproportionate.

Notwithstanding the issues Miss B has highlighted about the repayment plan, which will be subject to a separate complaint, given the type of loan that Quidie advanced it is subject to a cost cap by the industry regulator. What this means and in its simplest form is that Quidie can't charge more than 100% of the amount borrowed in interest, fees or charges. In this case, the most amount it can collect for this loan is £500. But the cost of the credit hasn't led me to conclude the complaint should be upheld.

Given the evidence provided, I think it was reasonable for Quidie to have relied on the information Miss B gave about her income and expenditure as well as Quidie's additional checks it carried out to show she had sufficient disposable income to afford the repayments she was committed to making.

Finally, there wasn't anything else to suggest that Miss B was having financial difficulties or that the loans would be unsustainable for her and so I'm therefore not upholding Miss B's complaint.

I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Quidie lent irresponsibly to Miss B 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 B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 9 March 2026.

Robert Walker
Ombudsman