

The complaint

Miss K complains that Quidie Limited t/a Fernovo (“Fernovo”) lent to her irresponsibly and that the loans were unaffordable.

What happened

In December 2022 Miss K received a loan from Fernovo (“loan one”). It was for £400; for a 97-day term; with an interest rate of 1,259% APR and monthly repayments of £141.04: total repayable £567.45.

In March 2023 Miss K received a second loan from Fernovo (“loan two”). It was for £250; for a 121-day term; with an interest rate of 1,288.80% APR and monthly repayments of £104.95: total repayable £417.66.

In August 2023 Miss K received a third loan from Fernovo (“loan three”). It was for £350; for a 100-day term; with an interest rate of 1,262.60% APR and monthly repayments of £125.24: total repayable £504.10.

The information supplied by Fernovo indicates that loan three has not been repaid. They have offered to reduce the balance of this loan by £20 in full and final settlement of the sum due from Miss K. She has declined to accept and so her complaint regarding all three loans falls to me to decide.

In August 2025, Miss K complained to Fernovo. In summary, she said that it was irresponsible of them to provide her with the loans because of her financial circumstances, and the loans were unaffordable for her. Specifically, she said that Fernovo had not fully considered her overall financial difficulties before agreeing to lend.

Fernovo looked into the complaint and issued a final response letter in September 2025. They thought they had carried out reasonable and proportionate checks into Miss K’s circumstances and said that each lending decision was affordable and sustainable. They didn’t uphold the complaint.

Miss K didn’t accept Fernovo’s response and therefore referred her complaint to our service. One of our Investigators looked into it. He felt that Fernovo had carried out reasonable and proportionate checks into Miss K’s circumstances and acted fairly in providing each loan. He didn’t recommend that the complaint be upheld.

Fernovo didn’t dispute this position, but Miss K did and asked for an Ombudsman’s decision. In summary, her main points were:

- Her income included child benefit which she said Fernovo shouldn’t have taken into account;
- Her bank account was regularly overdrawn;
- There were 12 defaults on her credit file;
- She had high levels of existing debt;
- She was a vulnerable customer and was the subject of domestic abuse;

- She raised Consumer Duty in the context of Fernovo having to avoid foreseeable harm.

The Investigator reconsidered what he'd said in light of the points Miss K raised, but remained satisfied that the checks carried out by Fernovo were proportionate and the lending decisions were fair.

As an agreement couldn't be reached, the complaint 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.

Our approach to complaints about irresponsible and unaffordable lending is set out in detail on our website. I've used this approach to help me decide Miss K's complaint. For example, I've considered the rules and guidance on responsible lending relevant to the times of the lending decisions set out in the Financial Conduct Authority's ("FCA") Consumer Credit Sourcebook ("CONC"). Miss K has raised Consumer Duty. This does not arise in relation to loans one and two as they predate its coming into effect. I confirm that I have considered it in relation to loan three.

In summary, Fernovo needed to carry out reasonable and proportionate checks before providing each loan to ensure they did not lend to Miss K irresponsibly. Beyond that, and in relation to loan three, they had to comply with their Consumer Duty obligations.

There is no set list of the checks Fernovo had to do. What constitutes a proportionate affordability check will depend upon a number of factors including, but not limited to, the amount, type and cost of the credit Miss K was seeking as well as her overall financial circumstances. I've kept all of this in mind when considering whether Fernovo did what was required before providing each loan to Miss K. In addition Fernovo had to avoid foreseeable harm to Miss K as a retail customer.

Loan one

When Miss K applied for loan one, she declared a net monthly income of £1,800, verified by Fernovo through Current Account Turnover ("CATO") information. She said in relation to each loan application that she was working full time; and had no housing costs as she was living with her parents.

Fernovo considered Miss K's declared information and assessed her monthly expenditure based on statistical information from the Office for National Statistics ("ONS") and information provided by her. Fernovo's assessed expenditure comprised housing costs of nil, living costs of £661, and existing credit commitments of £90. For living costs Miss K had declared £450 so the assessed figure was to her advantage. The Investigator reviewed her existing credit commitments and calculated them to be £347.

Overall Fernovo calculated that Miss K had a net monthly disposable income of £1,049, which I think should be adjusted to £792 in light of Miss K's actual existing credit commitments. I think this was sufficient to meet the monthly repayments for loan one of £141.04 and to leave Miss K with ample income for day-to-day expenditure.

Fernovo also examined Miss K's existing credit commitments. Her credit file showed existing unsecured debts totalling £8,462. The credit search showed no delinquent accounts; no bankruptcy or County Court Judgments ("CCJs"); and no defaults within the past 12 months. Whilst there was one missed loan payment dating back some seven months, this was an isolated recent adverse credit entry. There were nine recorded defaults from the period 2017-2019 but I regard them as being historic and not indicative of Miss K's recent use of credit.

The applicable rules and guidance do not require a lender to see full evidence of expenditure in every case. Instead, the lender has discretion about how they conduct checks to satisfy themselves that lending is affordable to applicants. This includes the consideration of statistical data where it is reasonable and proportionate to do so, as I think was the case here for each loan.

Overall, I think Fernovo took reasonable and proportionate steps to understand Miss K's circumstances before providing her with loan one. Their checks showed that Miss K's existing credit was being serviced without any substantive recent recorded issues, and she appeared to have enough disposable income each month to make the repayments for loan one and to have sufficient net disposable income remaining. Therefore I don't think Fernovo acted unfairly by providing this loan.

Loan two

When Miss K received loan two, loan one had been fully repaid without default. She again declared a net monthly income of £1,800, verified by Fernovo through credit reference agency data.

Fernovo considered Miss K's declared information and assessed her monthly expenditure based on statistical information and information provided by her. Fernovo's assessed expenditure comprised housing costs of nil, living costs of £661 and existing credit commitments of £396. For living costs Miss K had declared £450 so the assessed figure was to her advantage.

Overall Fernovo calculated that Miss K had a net monthly disposable income of £743. I think this was sufficient to meet the monthly repayments for loan two of £104.95 and to leave Miss K with ample income for day-to-day expenditure.

Fernovo also examined Miss K's existing credit commitments. Her credit file showed existing unsecured debts totalling £10,462. The credit search showed no delinquent accounts; no bankruptcy or CCJs; and no defaults within the past 12 months. There were no adverse credit markers postdating the decision to agree loan one. Whilst there had been an increase in the level of unsecured debt since loan one, I think the overall checks carried out by Fernovo were reasonable and proportionate and they established that loan two was affordable for Miss K.

Overall, I think Fernovo took reasonable and proportionate steps to understand Miss K's circumstances before providing her with loan two. Their checks showed that Miss K's existing credit was being serviced without any recent recorded issues. She appeared to have enough disposable income each month to make the repayments for loan two and to have sufficient net disposable income remaining. Therefore I don't think Fernovo acted unfairly by providing loan two either.

Loan three

When Miss K received loan three, loan two had been fully repaid without default. She declared a net monthly income of £2,500, verified by Fernovo through credit reference agency data.

Fernovo considered Miss K's declared information and assessed her monthly expenditure based on statistical information and information provided by her. Fernovo's assessed expenditure comprised housing costs of nil, living costs of £804 and existing credit commitments of £525. For living costs Miss K had declared £747 so the assessed figure was to her advantage.

Overall Fernovo calculated that Miss K had a net monthly disposable income of £1,171. I think this was sufficient to meet the monthly repayments for loan three of £125.24 and to leave Miss K with ample income for day-to-day expenditure.

Fernovo also examined Miss K's existing credit commitments. Her credit file showed existing unsecured debts totalling £10,531. The credit search showed no delinquent accounts; no bankruptcy or County Court Judgments ("CCJs"); and no defaults within the past 12 months. Whilst there was one missed payment on a mail order account, this was an isolated adverse credit file entry. There had been no increase in the level of unsecured debt since loan two, and the number of active accounts had not changed. Again I think the overall checks carried out by Fernovo were reasonable and proportionate and they established that loan three was affordable for Miss K.

Overall, I think Fernovo took reasonable and proportionate steps to understand Miss K's circumstances before providing her with loan three. Their checks showed that Miss K's existing credit was being serviced without any substantive recent recorded issues. She appeared to have enough disposable income each month to make the repayments for loan three and to have sufficient net disposable income remaining. Therefore I don't think Fernovo acted unfairly by providing loan three either.

Therefore, whilst it will likely come as a disappointment to Miss K, I think the checks that were carried out by Fernovo at each stage were reasonable and proportionate and I don't think Fernovo treated her unfairly in their decisions to provide her with these loans. Nor do I think that the pattern of lending here automatically shows that Fernovo shouldn't have lent to Miss K.

I've looked carefully at each of the points Miss K has raised with us, and respond to each of them as follows:

- Her income included child benefit which Fernovo shouldn't have taken into account. I think they were entitled to include child benefit in her income figure;
- Her bank account was regularly overdrawn. I don't think that using an overdraft facility in isolation is a reason to decline credit, depending upon the customer's overall circumstances;
- There were 12 defaults on her credit file. I've noted above that nine recorded defaults were from the period 2017-2019 and I regard them as being historic and not indicative of Miss K's recent use of credit;
- She had high levels of existing debt. Fernovo specialise in lending to customers who may have financial problems. They are subject to full FCA regulation and oversight including by this Service;
- She was a vulnerable customer and was the subject of domestic abuse. Whilst I sympathise with what Miss K says about her vulnerability, I don't think Fernovo should have been aware of this at the times of providing the loans. It does not appear that Fernovo received any contact from Miss K to

advise of any financial difficulties or adverse changes in her financial circumstances;

- Consumer Duty in the context of Fernovo having to avoid foreseeable harm. I don't think it was foreseeable that Fernovo should have been aware that their decisions to provide the loans would cause harm to Miss K. I think the checks that were carried out by Fernovo at each stage were reasonable and proportionate.

Overall I think Fernovo's checks were reasonable and proportionate for the reasons outlined above. The results of these checks neither indicated over-indebtedness, nor that the loans were likely to be unaffordable for Miss K. I've not seen anything in the checks that ought to have caused Fernovo to need to understand more about Miss K's circumstances; or to take the decisions not to have lent at all in December 2022 or in March or August 2023.

I've also considered whether the relationship between Miss K and Fernovo might have been unfair to Miss K under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already given, I don't think that Fernovo lent irresponsibly to Miss K or otherwise treated her unfairly in relation to this matter. Nor have I 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 outlined above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 17 March 2026.

Richard Ellison
Ombudsman