DRN-6229997

The complaint

Mr D complains that Quidie Limited trading as Fernovo ("Quidie") provided him with loans without carrying out sufficient affordability checks.

What happened

A summary of Mr D's borrowing can be found below

loan number	loan amount	number of instalments	agreement date	repayment date
1	£200	4	13/02/2025	02/05/2025
2	£150	6	25/05/2025	28/11/2025

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 Mr D withdrew the complaint Quidie would refund Mr D £27 and remove both loans from his credit file. Unhappy with this response and offer, Mr D 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. Mr D didn't agree saying that while Quidie's calculation showed a disposable income this was only being sustained by relying on other payday loans.

This 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.

Quidie had to assess the lending to check if Mr D 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 D'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 D. These factors include:

- Mr D 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 D 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 D 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 D. The Investigator didn't consider this applied in Mr D's complaint, and I agree given that there were only two modest loans granted.

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

Quidie asked Mr D for details of his income, which he declared as being £3,000 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 Mr D's declared income was accurate. This is a proportionate check for the amount of money being advanced.

Mr D also declared similar outgoings for both loans of £1,520 and £1,550 per month – these covered items such as housing costs, food, credit commitments and other. 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 Mr D paid each month for his existing credit commitments was higher than Mr D had declared. So Quidie used a figure of £660 per month which was reasonable.

Secondly, Quidie went about checking Mr D's other costs excluding the checked credit commitments and house costing. Quidie says what Mr D was lower than averages provided by the Money Advice Service (MAS). Using MAS averages for someone in a similar situation to Mr D it concluded his living costs should be around £1,203 per month and so this is the figure which was used for the assessment.

Overall, Quidie used the MAS average of £1,203 of living costs, plus credit commitments of £660 and housing costs of £650. This gave monthly outgoings of no more than £2,513. This left enough disposable income for Mr D to be able to afford the repayments for both loans.

Quidie also carried out a credit search before each loan was provided and it has provided the results it received from the credit reference agency. The results for the credit checks were broadly similar which isn't surprising given that both loans were approved within a few months of each other.

Firstly, the headline data wouldn't have given Quidie cause for concern, there were not types of insolvency or any County Court Judgements. Quidie knew about a number of defaults recorded between 2019 to 2021. But as it had been around four years since the last default, I think Quidie was entitled to place less weight on them as an indicator of current financial difficulties.

There had been some sporadic missed payments on a couple of accounts around 12 to 15 months before the first loan – but the recent repayment record had been good and so I don't think that would've been overly concerning to Quidie considering the results of the other checks and how much was being lent.

While the credit reports show that a number of different loan products had been opened – such as with a retailor there was very little in the way of active payday lending. For example, at loan 1 Mr D only had one other active account – which isn't sufficient to uphold the complaint. The credit checks along wouldn't have prompted Quidie to carry out further checks or to have automatically declined the lending.

Given the evidence provided, I think it was reasonable for Quidie to have relied on the information Mr D provided as well as the results of its additional checks, which showed he had sufficient disposable income to afford the repayments she was committed to making. It therefore follows that because I'm satisfied a proportionate was conducted, Quidie didn't need to verify Mr D's information more closely – obtaining bank statements would've been disproportionate.

Finally, there wasn't anything else to suggest that Mr D was having financial difficulties or that the loans would be unsustainable for him and so I'm therefore not upholding Mr D'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 Mr D 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

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 30 April 2026.

Robert Walker
Ombudsman