

## complaint

Mr R says CashEuroNet UK LLC (trading as QuickQuid) irresponsibly lent to him.

## background

This complaint is about ten payday loans QuickQuid provided to Mr R between August 2015 and April 2018. Mr R's lending history is as follows:

loan number	start date	loan amount (£)	end date
1	23/08/2015	50	27/11/2015
1a	13/09/2015	25	
2	28/11/2015	100	19/02/2016
2a	30/11/2015	125	
2b	13/12/2015	75	
3	12/03/2016	200	13/05/2016
3a	13/03/2016	75	
3b	15/03/2016	100	
4	13/05/2016	150	08/07/2016
4a	14/05/2016	50	
5	23/07/2016	350	30/09/2016
6	04/10/2016	200	17/02/2017
7	04/03/2017	300	24/11/2017
8	29/11/2017	100	19/01/2018
8a	10/12/2017	75	
8b	13/12/2017	75	
8c	14/12/2017	100	
9	03/02/2018	350	13/04/2015
9a	04/02/2018	125	
10	13/04/2018	200	06/06/2018
10a	14/04/2018	150	
10b	15/04/2018	150	

Our adjudicator upheld Mr R's complaint in part and thought the loans 2a onwards shouldn't have been given. QuickQuid disagreed and so the complaint was passed to me.

## my findings

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 short-term lending - including all of the relevant rules, guidance and good industry practice - on our website.

QuickQuid needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mr R could repay the loans in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure. With this in mind, in the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate.

But certain factors might point to the fact that QuickQuid should fairly and reasonably have done more to establish that any lending was sustainable for the consumer. These factors include:

- the *lower* a customer's 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 *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the *greater* the number and frequency of loans, and the longer the period of time during which a customer has been given loans (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable.

I think that it is important for me to start by saying that QuickQuid was required to establish whether Mr R could sustainably repay his loans – not just whether the loan payments were affordable on a strict pounds and pence calculation.

Of course the loan payments being affordable on this basis might be an indication a consumer could sustainably make their repayments. But it doesn't automatically follow this is the case. This is because the Consumer Credit Sourcebook ("CONC") defines sustainable as being without undue difficulties and in particular the customer should be able to make repayments on time, while meeting other reasonable commitments; as well as without having to borrow to meet the repayments. And it follows that a lender should realise, or it ought fairly and reasonably to realise, that a borrower won't be able to make their repayments sustainably if they're unlikely to be able to make their repayments without borrowing further.

I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Mr R's complaint.

As our adjudicator explained, QuickQuid's checks from loan 2a didn't go far enough. QuickQuid has said that it checked Mr R's income and expenses before lending and that it searched his credit file and there were no adverse markings contained within them. QuickQuid also says that from March 2015, it had fully implemented enhanced checks before lending and worked out the estimated disposable income from loan 8 onwards.

I agree with the adjudicator that the checks from loan 2a onwards weren't sufficient. Loan 2a was for a larger amount than his previous loans and he had borrowed loan 2 within a day or repaying loan 1/1a and took out loan 2a 2 days after loan 2, I think this should've prompted QuickQuid to take its checks further. And for similar reasons, it should have taken its checks further for the rest of the loans.

It's important to mention that from the checks QuickQuid carried out, it should've been aware that Mr R wasn't in a position to sustainably repay the loans. Loan 2a's largest repayment was for around £270. Taking into account Mr R's declared income of £543 and his living expenses of £325, he wasn't in a position to sustainably repay this loan.

I think QuickQuid's checks from loan 2b to 3a even without it taking its checks further, showed that Mr R couldn't afford the loan. The loan repayments took up a significant portion of his disposable income which meant that the loans weren't sustainably affordable for him.

And had QuickQuid taken its checks further and verified some of the information Mr R provided about his income and expenses as I think it should have done - given that Mr R had been borrowing regularly without any significant breaks and he'd also been regularly topping up his payments – it would've seen that Mr R was gambling significant amounts monthly and in most months exceeding his income of around £1,400. Mr R has provided copies of his bank statements and so I've been able to get a picture of what his actual financial circumstances were at the time. This wasn't a sustainable position and QuickQuid shouldn't have been lending.

I've also looked at the overall pattern of QuickQuid's lending history with Mr R, with a view to seeing if there was a point at which QuickQuid should reasonably have seen that further lending was unsustainable, or otherwise harmful. And so QuickQuid should have realised that it shouldn't have provided any further loans.

Given the particular circumstances of Mr R's case, I think that this point was reached by loan 4. I say this because by loan 4, Mr R had been borrowing from QuickQuid for around 8 months without any significant breaks. He'd incurred a late fee payment on loans 2/2a/2b and he'd topped all his previous loans with further borrowing.

And from loan 4 onwards Mr R was provided with a new loan within days of settling a previous one. So QuickQuid ought to have realised it was more likely than not Mr R was having to borrow further to cover the hole repaying his previous loan was leaving in his finances and that Mr R's indebtedness was increasing unsustainably. I can also see that Mr R went into a repayment plan on at least three of his loans.

Mr R wasn't making any real inroads to the amount he owed QuickQuid. QuickQuid accepts that a third party on behalf of Mr R told it in May 2017 that Mr R had a gambling problem and it shouldn't continue to lend to him. QuickQuid has said it didn't place any weight on this information as information from third parties had turned out to be incorrect in the past. While I understand why QuickQuid may be hesitant to rely on information provided by representatives of its customers, I think a third party is usually authorised to deal on behalf of the customer and it would have been reasonable for QuickQuid to take steps to react to that information.

For example, it could have contacted Mr R directly and also taken steps to verify his income and expenses. And had it done that it would have been able to confirm that the information from the third party was genuine and wouldn't have continued lending to Mr R. Instead QuickQuid continued to lend to Mr R and gave him nine further advances when it had information that this wasn't sustainable. The effect was that Mr R paid large amounts of interest to service a debt to QuickQuid over an extended period. Loan 10b was taken out around 32 months after Mr R's first and it was for a larger amount – more than six times his first loan.

I think that Mr R lost out because QuickQuid continued to provide borrowing from loan 2a onwards and:

- these loans had the effect of unfairly prolonging Mr R's indebtedness by allowing him to take expensive credit intended for short-term use over an extended period of time.

- the sheer number of loans was likely to have had negative implications on Mr R's ability to access mainstream credit and so kept him in the market for these high-cost loans.

So I'm upholding the complaint about loans 2a to 10b and QuickQuid should put things right.

**putting things right – what QuickQuid needs to do**

- refund all interest and charges Mr R paid on loans 2a to 10b;
- pay interest of 8% simple a year on any refunded interest and charges from the date they were paid (if they were) to the date of settlement†;
- remove any negative information about loans 2a to 7 from Mr R's credit file;
- the number of loans taken from loan 8 onwards means any information recorded about them is adverse. So all entries about loans 8 to 10b should be removed from Mr R's credit file.

† HM Revenue & Customs requires QuickQuid to take off tax from this interest. QuickQuid must give Mr R a certificate showing how much tax it's taken off if he asks for one.

**my final decision**

For the reasons given above, I'm partially upholding Mr R's complaint. CashEuroNet UK LLC should pay Mr R compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 12 August 2019.

Oyetola Oduola  
**ombudsman**