

**complaint**

Mr H complains that CashEuroNet UK LLC (trading as QuickQuid) was irresponsible in its lending to him.

**background**

Based on the information provided, Mr H took out ten loans with QuickQuid between November 2015 and February 2018. He topped up a number of these loans.

Loan	Date of loan	Type	Principal	Repaid
<b>1</b>	18/11/2015	Payday	£250.00	30/11/2015
<b>2</b>	15/12/2015	Payday	£500.00	22/12/2015
<b>3</b>	19/02/2016	Payday	£150.00	29/02/2016
<b>3a</b>	20/02/2016	Top-up	£225.00	29/02/2016
<b>3b</b>	21/02/2016	Top-up	£100.00	29/02/2016
<b>4</b>	27/03/2016	Payday	£150.00	31/03/2016
<b>4a</b>	28/03/2016	Top-up	£300.00	31/03/2016
<b>5</b>	11/04/2016	Payday	£450.00	29/04/2016
<b>5a</b>	14/04/2016	Top-up	£200.00	29/04/2016
<b>5b</b>	23/04/2016	Top-up	£100.00	29/04/2016
<b>6</b>	24/05/2016	Payday	£550.00	30/06/2016
<b>7</b>	05/07/2016	Payday	£750.00	30/07/2016
<b>8</b>	14/08/2016	Payday	£500.00	30/11/2016
<b>8a</b>	24/08/2016	Top-up	£300.00	30/11/2016
<b>8b</b>	26/08/2016	Top-up	£200.00	30/11/2016
<b>9</b>	10/03/2017	Payday	£300.00	31/05/2017
<b>9a</b>	21/03/2017	Top-up	£150.00	31/05/2017
<b>9b</b>	22/03/2017	Top-up	£100.00	31/05/2017
<b>9c</b>	18/04/2017	Refinance	£200.00	31/05/2017
<b>10</b>	01/02/2018	Payday	£550.00	29/03/2018
<b>10a</b>	03/02/2018	Top-up	£300.00	29/03/2018
<b>10b</b>	04/02/2018	Top-up	£400.00	29/03/2018

Mr H says that at the time of the loans he had other debts including other short term loans and was gambling. He says his credit file would have shown his financial situation and that QuickQuid should have realised from the number of loans he took out that he was dependent on the loans. He says he needed to borrow to make his repayments and cover his general living costs.

Mr H says he contacted QuickQuid on several occasions explaining that he couldn't meet his repayments but no offer of an interest freeze was given.

QuickQuid says that before providing the loans to Mr H it carried out proportionate affordability assessments including validating Mr H's income and expenses. Based on these checks it says the loans were affordable. It says that Mr H didn't demonstrate that he was dependent on the loans or that he was struggling with his repayments. It notes there were gaps between the borrowing (including a gap of 246 days after the repayment of loan nine) and that seven of the loans were repaid early.

Our adjudicator upheld this complaint in regard to the additional borrowing on loan three and loans four to ten. He thought the checks carried out before loan one was provided were sufficient. He thought that Mr H should have been asked about his short term loan commitments as well as his other income and expenses information before loan two and loan three were provided. However he said had this been requested the loans would still have appeared to be affordable.

Before the additional funds were provided on loan three and before all subsequent loans were provided our adjudicator thought a full review of Mr H's financial situation should have taken place. He said that had this happened, QuickQuid would have realised Mr H was spending large amounts each month on gambling and that these loans were not sustainable.

QuickQuid didn't accept our adjudicator's view and so this case has been passed to me, an ombudsman, to consider.

### **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 that Mr H 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 a 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 H could sustainably repay her 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 H's complaint.

Mr H took out his first loan in November 2015. The loan was for £250. Given this was Mr H's first loan with QuickQuid and given the repayment amounts, I find the checks carried out before this loan was provided were sufficient.

Mr H repaid his first loan and took out a second loan less than a month later. This loan was for a much larger amount, £500 repayable over two instalments. The second instalment was for more than £600. Given the size of the highest repayment compared to Mr H's income and that this was the second loan in a short period of time I think it would have been reasonable to specifically check if Mr H had any other short term loans outstanding, as well as checking his other expenses.

Having looked through Mr H's bank statements from the time, I don't find that by asking him about his other short term loan commitments this would have changed the overall assessment of this loan. Therefore, based on what I have seen, I don't find it unreasonable this loan was provided.

Mr H repaid his second loan early and then took out a third loan a couple of months later. This loan was for a lower amount, £150. However, given Mr H's borrowing history I think it reasonable that the same level of checks I noted for loan two would have been carried out before this loan was provided. As was the case in loan two, I don't find that the further checks would have shown this loan to have been unaffordable therefore I don't uphold this complaint in regard to the initial advance on loan three.

Mr H topped up his third loan a day after taking it out and then again a day later. This increased the total amount borrowed to £475. Given the of pattern of borrowing that was emerging and the size of the loan following the first top up, I think that a full review of Mr H's financial situation should have taken place before the first top up was provided. Had this happened QuickQuid would have realised that Mr H was spending substantial amounts on gambling and that lending to him wasn't sustainable.

Mr H's spending on gambling continued through the period of the loans and he also took out a number of short term loans with other providers. Based on this I do not find that the loans provided from the top up of loan three onwards were sustainably affordable for Mr H.

I note the comments made by QuickQuid about the gaps between the loans. Aside from the gap between the repayment of loan nine and the provision of loan ten, I don't think it would have been reasonable for QuickQuid to conclude these were any indication that Mr H's finances had moved on from whatever situation had required his previous loans.

I accept that there was a longer gap between loans nine and ten, around nine months. However, given Mr H's borrowing history I think it would have been reasonable to carry out a full review of his financial situation before providing this loan to ensure that his situation had changed and the loan was sustainable. Had this happened, QuickQuid would have realised that Mr H was still spending a substantial amount on gambling and that lending to him wasn't sustainable.

### **my final decision**

My final decision is that I uphold this complaint in regard to the additional funds provided on loan three and all subsequent loans. CashEuroNet UK LLC (trading as QuickQuid) should:

- refund all interest and charges that Mr H paid on the additional borrowing on loan three, and loans four to ten;
- pay interest of 8% simple a year on all refunds from the date of payment to the date of settlement\*;
- remove any negative information about loans three and four from Mr H's credit file;
- the number of loans taken from loan five means any information recorded about them is adverse. So all entries about loans five to ten should be removed from Mr H's credit file.

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

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

Jane Archer  
**ombudsman**