

## complaint

Mr B and his representative complain that CashEuroNet UK LLC, trading as Quick Quid, gave him loans he couldn't afford to repay.

## background

Mr B took out the following loans with Quick Quid:

	date	£ amount borrowed	date repaid
1	1 December 2014	400	1 December 2014
2	2 January 2015	700	7 January 2015
3	12 January 2015	1,100	27 January 2015
4	11 February 2015	800	28 February 2015
5	24 March 2015	1,100	4 April 2015
6	6 April 2015	1,500	12 April 2015
7	11 May 2015	1,500	13 May 2015
8	18 May 2015	1,500	3 June 2015
9	15 September 2015	1,000	25 October 2016

Our adjudicator said that Quick Quid didn't carry out proportionate checks before lending to Mr B. He said that, if it had done so, it would've seen that Mr B could afford to repay loans one and two but not loans three to nine. The adjudicator set out what Quick Quid should do to put that right.

Quick Quid didn't agree with the adjudicator. It asked for a summary of information from one of Mr B's bank statements about his income, living expenses and short-term credit commitments. The adjudicator gave Quick Quid some information about Mr B's short-term credit commitments and gambling expenses but Quick Quid said it's not clear how it could've seen that Mr B had multiple credit commitments or that he was gambling. It said, based on Mr B's living expenses, the loans were affordable.

## my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Before agreeing to lend to Mr B, Quick Quid had to check each time that he could afford to make the repayments. The checks it did had to be proportionate. What's proportionate depends on things like the size of the loan repayments and the information Quick Quid had about Mr B. There's no set list of the checks a lender should carry out.

Before agreeing to loan one, Quick Quid asked Mr B about his income and outgoings and carried out a credit check. On the face of it, that was proportionate but Mr B reported monthly outgoings of only £275 as against a monthly income of £2,686. I think that should've led Quick Quid to make further enquires about Mr B's outgoings. It didn't do that, so I don't think it carried out proportionate checks before loan one.

Before loan two, I think Quick Quid should've done more than it did. Mr B asked to borrow much more than the first loan. Given the amount he'd have to repay as against his income, I think Quick Quid should've asked Mr B about not only his income, normal monthly living costs and regular financial commitments but also his other short-term financial commitments. I can't see that it did that.

At loan three, the amount Mr B wanted to borrow increased again and he'd only just repaid loan two. An erratic pattern of borrowing was beginning to emerge. Mr B repaid loan two early but a few days later asked to borrow a much larger amount. And the amount he'd have to repay for loan three was a significant amount of his monthly salary. In the circumstances, proportionate checks from loan three onwards are likely to have established a much fuller picture of his financial position. I think proportionate checks from loan three onwards would've meant that Quick Quid took steps to verify the information Mr B provided about his financial situation.

As Quick Quid doesn't appear to have carried out proportionate and sufficient checks, I can't say for sure what it would've found out if it had done so. Mr B has provided us with evidence of his financial circumstances at the time he applied for the loans. So I've been able to get a picture of what his financial circumstances were like. Of course, I accept that this isn't perfect, as different checks show different things. And just because something shows up in the information Mr B has now provided, it doesn't mean that it would've shown up in any checks that Quick Quid might've carried out. But the information Mr B has provided is the best indication I have of what his financial circumstances were at the relevant time. In the absence of anything else, I think it's reasonable to rely on it.

I agree with the adjudicator that if Quick Quid had carried out proportionate checks before loan one it's likely that it would've concluded that Mr B could afford to repay that loan.

If Quick Quid had asked Mr B about his short-term lending before loan two, it may well have found out that although he'd recently taken short-term loans, he'd repaid them early. So, I think Quick Quid would likely have concluded that loan two was affordable.

I've said that from loan three onwards, Quick Quid should've taken steps to verify the information Mr B provided about his financial situation. So, it wouldn't be sufficient for Quick Quid to assess affordability based on only Mr B's living expenses. Quick Quid says it's not clear how it could've seen that Mr B had multiple credit commitments or that he was gambling. I'm afraid I don't agree.

I've looked at the information Mr B has provided and it's clear to me that he couldn't afford to repay the loans from loan three onwards. In the month before loan three, Mr B spent over £9,000 on gambling. If Quick Quid had made proportionate enquiries, it would've discovered that.

Mr B's financial position didn't improve. As the adjudicator said by way of examples, in March 2015 Mr B had over £1,000 of existing short-term credit commitments and spent at least £1,450 on gambling. In April 2015, Mr B had similar short-term credit commitments and spent at least £4,980 on gambling.

I think if Quick Quid had made proportionate enquiries before loan three onwards, it would've seen that Mr B couldn't afford to repay further borrowing. On balance, I don't think Quick Quid should've given Mr B loans three to nine.

Overall, I think the adjudicator's proposed resolution of this complaint is fair and reasonable. I agree with the adjudicator's conclusions and don't see any compelling reason to change the proposed outcome in this case.

**my final decision**

For the reasons I've set out above, I uphold this complaint. To put things right I require CashEuroNet UK LLC, trading as Quick Quid:

1. To refund to Mr B all interest and charges he's paid on loans three to nine plus pay simple interest at the rate of 8% a year\*, from the date each such sum was paid until the date of settlement;
2. To remove any negative information about loans three to nine from Mr B's credit file.

\* HM Revenue & Customs requires CashEuroNet UK LLC, trading as Quick Quid, to take off tax from this interest. It must give Mr B 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 B to accept or reject my decision before 13 November 2017.

Louise Povey  
**ombudsman**