

complaint

Mr R complains that CashEuroNet UK LLC (trading as QuickQuid) was irresponsible to lend to him.

background

Mr R had six loans from QuickQuid between March 2014 and September 2018 as follows:

Loan	Date	Amount	Term	Due	Repayment*	Repaid
1	21 Mar 2014	£400	90d	19 Jun 2014	£518	On time
2	29 Jun 2014	£600	10m	17 Apr 2015	£197.02	15 Aug 2014 Flex Credit
3	19 Aug 2017	£350	90d	17 Nov 2017	£434	24 Nov 2017 Extended
4	3 Feb 2018	£350	74d	18 Apr 2018	£442.40	N/A
Top-up	17 Feb 2018	£175	60d	18 Apr 2018	£663.60	N/A
Top-up	20 Feb 2018	£100	57d	18 Apr 2018	£790.00	N/A
Top-up	23 Feb 2018	£175	54d	18 Apr 2018	£1,011.20	26 Feb 2018 Early
5	16 Mar 2018	£450	102d	26 Jun 2018	£565.20	N/A
Re-financed	13 Jun 2018	£250	72d	24 Aug 2018	£838.80	10 Aug 2018 Early
6	15 Sep 2018	£450	100d	24 Dec 2018	£550.80	N/A
Top-up	25 Nov 2018	£75	33d	28 Dec 2018	£659.40	19 Feb 2019 Late fee, default

* Maximum monthly repayment over the term of the loan

Mr R says he was reliant on the lending and often gambled in an attempt to repay the loans. Mr R says he told QuickQuid he was in financial difficulties and offered a monthly repayment plan, but was told that wouldn't be possible. He says the debt continued to increase and it was only a fortuitous gambling win that enabled him to repay the money.

QuickQuid says it checked Mr R's credit file and asked about his income and expenditure. It says it found Mr R's credit commitments from his credit file were significantly higher than the figure he'd declared. But it says it factored that into its assessment and still found the loans were affordable. QuickQuid says it was satisfied that it wasn't irresponsible to lend to him.

Our adjudicator recommended the complaint should be upheld. She said she hadn't seen enough evidence to show that QuickQuid shouldn't have provided the first three loans, nor the initial loan 4 lending. But she considered proportionate checks for the loan 4 top-ups would have shown Mr R was having problems managing his money as he had other outstanding short-term loans. She added that from loan 5 onwards, Mr R's pattern of borrowing itself suggested he was becoming reliant on the loans and indicated the lending was becoming unsustainable. She recommended QuickQuid should refund interest and charges from the first top-up of loan 4 onwards (plus 8% statutory interest). She said it should also remove any negative information from Mr R's credit file about the loan 4 top-ups, and remove loans 5 and 6 from his credit file entirely.

QuickQuid responded to say, in summary, that it believed its checks were proportionate and showed the loans were responsibly lent. It added that Mr R did not incur any late fees on loans 4 or 5 and both were repaid early.

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 had loans (reflecting a 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.

Loans 1 and 2

Mr R told QuickQuid his monthly income was £2,600 and, from what I've seen about Mr R's financial circumstances at the time, I can't conclude QuickQuid was wrong to approve those loans. I say that because the repayments were a relatively small proportion of Mr R's income, there was nothing to show he was in financial difficulty and he repaid loan 1 on time.

Loan 3

There was a significant break in lending before Mr R applied for loan 3, but I can see Mr R declared his income to be unchanged. Even taking into account the additional credit commitments QuickQuid found in Mr R's credit file, I can't conclude this loan was unaffordable to him.

Loan 4 initial lending

Based on the available information, I'm satisfied QuickQuid did enough checks to consider the original scheduled repayments on loan 4 to be affordable.

Loan 4 top-ups

As our adjudicator explained, a proportionate check for the top-ups to loan 4 would most likely have shown that Mr R:

- Did not have sufficient disposable income to afford the higher scheduled repayments;
- Had a number of other outstanding short-term loans;
- Was struggling to manage his money.

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 5. I say this because:

- From loan 5 onwards Mr R was provided with a new loan within weeks 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.
- Mr R wasn't making any real inroads to the amount he owed QuickQuid. Loan 6 was taken out over a year after loan 3. And it was for a larger amount. Mr R had paid large amounts of interest to, in effect, service a debt to QuickQuid over an extended period.

I think that Mr R lost out because QuickQuid continued to provide borrowing from loan 5 onwards because:

- 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 and top-ups 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, as well as the loan 4 top-ups, I'm also upholding the complaint about loans 5 and 6, and QuickQuid should put things right.

my final decision

My decision is that I uphold this complaint. CashEuroNet UK LLC (trading as QuickQuid) should:

- Refund all interest and charges that Mr R paid on the loan 4 top-ups and loans 5 and 6;
- 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 the loan 4 top-ups from Mr R's credit file.
- The number of loans and top-ups taken from 5 onwards means any information recorded about them is adverse. So all entries about loans 5 and 6 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.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 8 August 2019.

Amanda Williams
ombudsman