

complaint

Ms B complains that CashEuroNet UK LLC (trading as Quick Quid) gave her loans that she couldn't afford to repay. She asks that it refunds interest and charges and removes information about the loans from her credit file.

background

Ms B took out seven loans between November 2011 and November 2012. The adjudicator recommended that the complaint should be upheld, saying:

- The checks for the first loan were proportionate. Quick Quid should have made further checks before the second loan. It should have asked about Ms B's normal living costs and regular financial commitments. Quick Quid should have asked about Ms B's outgoings, including any short term commitments, before the third and fourth loans. By the fifth and later loans Ms B was borrowing on a monthly basis. Quick Quid should have asked for information to review Ms B's financial situation in detail.
- Had it carried out proportionate checks Quick Quid would have seen that the third and later loans weren't affordable. Ms B's normal outgoings and short term commitments exceeded her income when she took out the loans.

The adjudicator said Quick Quid should refund interest and charges on the third and later loans, with 8% interest, write off any unpaid interest and charges and remove negative information about the loans from Ms B's credit file. Quick Quid didn't agree. It offered to refund interest and charges on loans 6 and 7, with 8% interest. Ms B didn't accept.

my provisional decision

As I didn't agree with all of the adjudicator's recommendations, I sent a provisional decision to the parties to explain why. In it, I set out the following provisional findings:

Loans 1 and 2

Ms B took out the first loan in November 2011 and the second loan in February 2012. Both required a repayment of £64.75. Ms B said her monthly income was £1,000. I think given the amount of the loans and Ms B's stated income, these checks were proportionate.

Loans 3 and 4

I think Quick Quid should have made further checks before Ms B took out the third loan in March 2012. The amount increased and the loan required a repayment of £129. I think Quick Quid should have asked about Ms B's normal living expenses and regular financial commitments. I think it should also have asked about Ms B's short term commitments before the fourth loan, which was Ms B's fourth loan in five months.

Ms B provided bank statements for this period. These show signs of financial problems, such as borrowing from family. And I can see a significant number of payments to gambling businesses. The statements don't provide much information about Ms B's normal living expenses. Ms B says her mandatory bills were paid by a family member. She says she lived with family and made monthly payments towards shared living expenses (such as rent, utilities, food) of about £440. She says she spent £172 on other items, such as petrol, insurance, phone and subscriptions to a trade body.

While it appears Ms B was in financial difficulties, I have to consider what she would have told Quick Quid if it had asked about her outgoings. Based on the information I have, I think it's unlikely she'd have said her usual outgoings were at a level that would have made the third loan unaffordable.

Ms B's bank statements do show her use of short term loans. Ms B took out loans with short term lenders (other than Quick Quid) of £640 shortly before taking out the fourth loan. It seems she also had instalment loans outstanding. I don't think the fourth loan was affordable and Quick Quid would have known this if it had asked about Ms B's short term commitments.

Loans 5 to 7

Ms B took out the fifth loan in June 2012. I think her pattern of borrowing – taking out a new loan a few days after repaying the previous loan – should have alerted Quick Quid to a possible problem. I think Quick Quid should have asked for information to gain a full understanding of Ms B's financial circumstances. While there are different ways of doing this, one is to look at her bank statements.

Ms B's bank statements show she'd been borrowing regularly from other short term lenders for some months. She received loans of £670 in early June before taking out the fifth loan with Quick Quid. She made a significant number of payments to gambling businesses with a net loss over £500 in May 2012. Ms B's income was £979. Ms B's situation didn't improve during the period she took out the loans. Her bank statements show continued use of short term loans and gambling transactions. I don't think the fifth or later loans were affordable and Quick Quid would have known this if it had carried out proportionate checks.

I don't think Quick Quid should have agreed to lend to Ms B after, and including, the loan that she took out in April 2012 (loan 4). So for each of those loans Quick Quid should:

- *Refund all interest and charges that Ms B paid on the loans;*
- *Pay interest of 8% simple a year on all refunds from the date of payment to the date of settlement*;*
- *Write off any unpaid interest and charges, apply the refund to reduce any capital outstanding and pay any balance to Ms B;*
- *Remove any negative information about the loans from Ms B's credit file.*

**HM Revenue & Customs requires Quick Quid to take off tax from this interest. Quick Quid must give Ms B a certificate showing how much tax it's taken off if she asks for one.*

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Ms B said she was happy with my provisional decision. Quick Quid said it saw merit in my reasoning and agreed to settle the complaint as I'd suggested. In the circumstances, I see no reason to change the findings or outcome set out in my provisional decision.

my final decision

My decision is that I uphold this complaint. I order CashEuroNet UK LLC to amend Ms B's credit file and pay the compensation as described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 12 October 2017.

Ruth Stevenson
ombudsman