

complaint

Mr W complains that Stagemount Limited, trading as Quid Market, gave him loans he couldn't afford to repay.

background

Mr W took out the following loans with Quid Market:

	date	£ amount borrowed	date repaid
1	2 May 2014	225	30 May 2014
2	1 June 2014	300	30 June 2014
3	3 July 2014	300	31 July 2014
4	2 August 2014	375	5 August 2014
5	9 September 2014	300	11 September 2014

Mr W says that Quid Market didn't carry out appropriate checks and that he couldn't afford to repay the loans. He wants a refund of interest and charges, interest on the refund and compensation for his stress and inconvenience.

Our adjudicator thought that Quid Market's checks were sufficient before loans one and two but that it should have done more before loan three onwards. But the adjudicator said that proportionate checks before loans three and four would have shown that Mr W could afford to repay them. In relation to loan five, the adjudicator said that, as Mr W settled the loan early and paid no interest, Quid Market didn't need to do anything to put matters right.

Mr W didn't agree with the adjudicator. He said Quid Market hadn't done enough to check his financial position. Mr W said that it should have asked for his bank statements that would have shown that he was gambling excessively and had other borrowing. He said that it was irresponsible to lend to him at the time, irrespective of what he said about his expenditure.

As there was no agreement between the parties, the complaint was passed to me, an ombudsman, to decide.

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 W, Quid Market 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 Quid Market had about Mr W. There's no set list of the checks a lender should carry out.

Before agreeing to loan one, Quid Market asked Mr W about his monthly net and disposable income, which it recorded as £2,100 and £1,400 respectively. It also carried out employment and credit checks.

The checks Quid Market carried out before loans one and two were proportionate. That was the beginning of its lending relationship with Mr W and, based on the information it had, it appeared that he could afford to repay those loans. There was nothing to indicate that Quid Market should have done anything more at that stage.

I think that before loans three and four, proportionate checks would have included asking Mr W not only about his net and disposable income but also about any other short-term borrowing. That's because a pattern of borrowing was emerging which suggested that Mr W may be becoming reliant on this sort of borrowing.

I can't see that Quid Market asked Mr W directly about other short-term borrowing but I've seen that it looked at the results of its credit search, which didn't suggest that other short-term borrowing was a concern. In any event, based on what I've seen, even if Quid Market had asked Mr W about his other short-term borrowing before loans three and four, it would have concluded that he could afford to repay those loans.

By loan five, Mr W's reliance on short-term borrowing was established. In those circumstances, proportionate checks are likely to have given a much fuller picture of his financial position. I think proportionate checks here would've meant that Quid Market took steps to verify the information Mr W provided about his financial situation. But I don't think that its failure to do that here alters the outcome. That's because Mr W cancelled loan five and repaid the principal; he didn't pay any interest. So, even though Quid Market didn't carry out proportionate checks before loan five, it didn't cause Mr W any loss.

I appreciate that Mr W says that Quid Market should have asked for his bank statements at an early stage. I'm afraid I don't agree that it was required to do that before loans one to four. There was nothing to alert Quid Market to Mr W's gambling. Before loan five, Quid Market should have verified what Mr W said but didn't do so. But in the particular circumstances here, that didn't cause Mr W any loss, as he cancelled the loan and didn't repay any interest.

my final decision

I'm sorry to disappoint Mr W but for the reasons I've explained, I don't uphold his complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 13 March 2019.

Louise Povey
ombudsman