

complaint

Ms H complains that CashEuroNet UK LLC, trading as QuickQuid, lent to her in an irresponsible manner. Ms H's husband, Mr H, is helping her to bring her complaint.

background

The background to this complaint was set out in my provisional decision in May 2019, an extract of which is attached and forms part of this final decision. So, I won't repeat that information here.

In my provisional decision, I set out why I intended to uphold the complaint in part. I invited both parties to let me have any further comments and evidence. Mr H, on Ms H's behalf, said that she accepted my provisional decision. QuickQuid said that it had nothing further to add.

my findings

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

Given that neither Ms H nor QuickQuid have provided me with anything further on the complaint, I see no reasons to depart from the conclusions I reached in my provisional decision. So, for the reasons I set out, I don't think that QuickQuid should have given Ms H loans three and four.

my final decision

For the reasons set out above and in my provisional decision, I uphold Ms H's complaint in part. I now require CashEuroNet UK LLC, trading as QuickQuid to:

- refund all interest and charges Ms H paid on loans three and four;
- pay interest of 8% simple a year on any refunded interest and charges from the date they were paid (if they were) to the date of settlement*;
- remove any negative information about loans three and four from Ms H's credit file;

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

Ms H didn't repay loan four and the outstanding debt has been transferred to a third party debt collection company. Ms H says she's been repaying the debt.

It seems reasonable that if Ms H still owes some of the capital she borrowed, part of the refund due to her should be used to repay that debt. But to do so, QuickQuid must first take the debt back into its own books and reduce it to reflect just the capital that Ms H borrowed. QuickQuid should treat any repayments Ms H made to the third party as reducing the capital that she owes. Once it has recovered the capital Ms H borrowed, any remaining compensation should be paid directly to Ms H.

If QuickQuid is unable, or unwilling, to repurchase the debt within four weeks of Ms H accepting my decision, it must ensure that all its interest and charges added to loan four, and any other interest and charges added by third parties, are refunded to Ms H so she can choose whether to use the compensation to settle her debt directly.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 5 July 2019.

Louise Povey
ombudsman

extract of provisional decision

complaint

Ms H complains that CashEuroNet UK LLC, trading as QuickQuid, lent to her in an irresponsible manner. Ms H's husband, Mr H, is helping her to bring her complaint.

background

Ms H took out four loans with QuickQuid between June 2013 and August 2014. She complains about loans two, three and four. A summary of the loans is as follows and I've included loan one by way of background:

	date	£ amount borrowed	No of instalments at outset	date repaid
1	9 June 2013	150	3	13 September 2013 (late fee incurred)
2	15 February 2014	650	3	25 April 2014
3	10 May 2014	1,000	3	11 July 2014 (late fee incurred)
4	9 August 2014	750	3	

Ms H didn't repay loan four and QuickQuid transferred the debt to a third party.

Our adjudicator thought that QuickQuid shouldn't have given Ms H loans one to four and she set out what it should do to put matters right. QuickQuid didn't agree with the adjudicator. It offered to refund interest and charges in relation to loan four. Ms H didn't accept QuickQuid's offer. As there was no agreement between the parties, the complaint was passed to me, an ombudsman, to decide.

my provisional 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 Ms 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 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 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 Ms 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 Office of Fair Trading's guidance on irresponsible lending and later 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 Ms H's complaint.

When Ms H complained to QuickQuid, she said that she didn't claim in relation to loan one and QuickQuid didn't address loan one in its final response to Ms H's complaint. So, the first loan I'm looking at is loan two.

Given what Ms H had to repay for loan two as against her stated income at that time and bearing in mind her lending history with QuickQuid at that stage, I don't think it would have been proportionate for QuickQuid to ask Ms H for the amount of information needed to show that lending was unsustainable. There wasn't anything in the information Ms H provided or the information QuickQuid should've been aware of which meant that it would've been proportionate to start verifying what Ms H said.

The position changes for loan three. That's because the repayment for loan three represented a significant proportion of Ms H's income. So, there was a significant risk that Ms H wouldn't have been able to meet her existing commitments without having to borrow again. So, I think it's unlikely Ms H would've been able to sustainably meet her repayments for loan three – and any subsequent loans. So, I don't think QuickQuid should have given Ms H loans three and four.

For the reasons I've set out above, I don't think QuickQuid should have given Ms H loans three and four. I think that Ms H lost out because QuickQuid gave her those loans. That's because:

- The loans had the effect of unfairly prolonging Ms H's indebtedness by allowing her to take expensive credit intended for short-term use over an extended period of time.
- The difficulty she had in repaying the loans was likely to have had negative implications on Ms H's ability to access mainstream credit and so kept her in the market for these high-cost loans.

So I intend to uphold Ms H's complaint about loans three and four and direct QuickQuid to put things right.

putting things right – what I intend to direct QuickQuid to do

- refund all interest and charges Ms H paid on loans three and four;
- pay interest of 8% simple a year on any refunded interest and charges from the date they were paid (if they were) to the date of settlement*;
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my provisional decision

For the reasons given above, I intend to uphold Ms H's complaint in part and direct CashEuroNet UK LLC, trading as QuickQuid, to pay Ms H compensation as set out above.