

## complaint

Mr G says CashEuroNet UK LLC trading as QuickQuid irresponsibly lent to him

## background

This complaint is about 7 payday loans QuickQuid provided to Mr G between 4 September 2017 and 29 March 2018. There were also a number of top-ups to these loans. For ease of reference I've attached a table of his borrowing to this decision. The top-ups are shown as 1a, 2a, 2b etc.

Our adjudicator upheld Mr G's complaint and thought the borrowing from the third top-up on his second loan (loan 2C in the table) onwards shouldn't have been given. QuickQuid disagreed and the complaint was passed to me.

## 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 G 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 Mr G 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 G's complaint.

QuickQuid has explained that it believes that it did carry out proportionate checks after 2015. But this Service has already responded to QuickQuid about our thoughts on the subject of proportionate checks after 2015 both directly and in different decisions. So I do not intend to address this directly although I did consider it alongside everything else in making my decision.

Our adjudicator has said that they thought had QuickQuid carried out proportionate checks from loan 2C onward then it would have realised that further lending to Mr G would not have been sustainable for Mr G due to the level of gambling that was shown on Mr G's bank statements. So the adjudicator thought that QuickQuid should've realised at this point that it should not provide any further borrowing to Mr G.

Our adjudicator explained that QuickQuid should have been comprehensive in its checks from this point onwards and verified what Mr G was saying about his income and expenditure. But I think that it is debatable whether QuickQuid should have verified everything at this point.

That said though given the number of times Mr G had asked for further advances on his second loan I think that QuickQuid should have done more than gather information about his regular income and expenditure when he asked for this third top-up. At the least it ought to have checked whether or not Mr G had anything else that would impact on his payments for this loan such as other payday loans. Had it done so, it's likely that QuickQuid would've learnt that Mr G was borrowing from several lenders at the same time as he was borrowing from QuickQuid and therefore that additional short term lending was likely to be unaffordable for him.

In these circumstances, I think QuickQuid ought to have realised it was unlikely Mr G would've been able to sustainably repay this loan.

For the loans taken out after this point I think the same applies that had proportionate checks been carried out QuickQuid would have seen that Mr G was borrowing from multiple lenders at the same time and that the lending was unaffordable to him. And when Mr G applied for loan 4 top up two (listed as 4b on the below table), I don't think it was fair for QuickQuid to continue to rely on the information Mr G was providing and ought to have verified this. And, at this point, I think it's likely his spending on gambling would have come to light.

I note QuickQuid has mentioned that Mr G's repayment history would suggest that he could afford these loans. But QuickQuid should be aware that the fact Mr G was repaying the loans as per the agreement or even repaying them early doesn't mean he did so sustainably

or out of his savings/income. I think that had proportionate checks been made QuickQuid should reasonably have been aware that this lending was not sustainable and the reason that the majority of these loans were repaid was due to Mr G's other borrowing rather than because these loans were actually affordable to him.

There is one exception to this because when Mr G took out loan 3 it was for a considerably smaller amount of £100 and therefore there may be an argument that QuickQuid did carry out sufficient checks to establish whether Mr G could afford this loan. Even had further checks been carried out I think that loan 3 would still have seemed affordable and I don't think it was unreasonable for this initial loan to have been granted to Mr G. However, when Mr G came back the next day to ask for three times the amount, as with loan 2C, I think QuickQuid ought to have enquired further into Mr G's circumstances. And I think it's likely it would've seen that further credit wasn't affordable for him because of his other outstanding short term loans.

### **putting things right – what QuickQuid needs to do**

- refund all interest and charges Mr G paid on loan 2C (agreed on the 5 November 2017) and from loan 3A (agreed on the 26 November 2017) to loan 6 inclusive.
- 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 loan 2C onwards from Mr G's credit file.

It is unclear as to whether loan 7 has been repaid or if there is still a balance outstanding. If there is no balance outstanding then refund all interest and charges that Mr G paid for loan 7 and 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.

If there is a balance outstanding remove all interest and charges that form part of the outstanding balance. QuickQuid should then re-work the account as if all payments made by Mr G went towards the principal sum. But importantly, QuickQuid needs to make sure that Mr G doesn't repay more than the principal amount he borrowed.

If, after the account rework Mr G has already paid enough to fully repay the principal sum then any overpayment should be refunded to him with 8% simple interest from the date of the overpayment to the date of settlement†

If however after the above rework, Mr G still has an outstanding principal balance due, then QuickQuid can use the refund from loans 2C – 6 to offset this amount. If this would still leave an outstanding balance then I'd remind QuickQuid of its obligation to treat him positively and sympathetically. This may mean agreeing an affordable repayment plan with him.

† HM Revenue & Customs requires QuickQuid to take off tax from this interest. QuickQuid must give Mr G a certificate showing how much tax it's taken off if he asks for one.

### **my final decision**

For the reasons given above, I'm partially upholding Mr G's complaint. CashEuroNet UK LLC trading as QuickQuid should pay Mr G compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 30 June 2019.

Charlie Newton  
**ombudsman**

Appendix

	<b>date taken</b>	<b>date repaid</b>	<b>Loan amount total</b>

Loan 1	04/09/17	28/09/17	£100.00
Loan 1 a	23/09/17	28/09/17	£150.00
Loan 2	15/10/17	14/11/17	£250.00
Loan 2 a	29/10/17	14/11/17	£300.00
Loan 2 b	04/11/17	14/11/17	£400.00
Loan 2 c	05/11/17	14/11/17	£600.00
Loan 3	25/11/17	08/01/18	£100.00
Loan 3 a	26/11/17	08/01/18	£500.00
Loan 3 b	01/12/17	08/01/18	£600.00
Loan 4	28/01/18	26/02/18	£200.00
Loan 4 a	02/02/18	26/02/18	£400.00
Loan 4 b	03/02/18	26/02/18	£950.00
Loan 5	28/02/18	28/02/18	£200.00
Loan 5 a	02/03/18	28/02/18	£350.00
Loan 6	28/03/18	23/03/18	£1,150.00
Loan 7	29/03/18	N/A	£1,050.00