

complaint

Mr C complains that CashEuroNet UK LLC, trading as QuickQuid, was irresponsible to give him loans that he couldn't afford to pay back.

background

Mr C borrowed three times from QuickQuid. He deferred repayment twice and topped up two of the loans as follows:

loan number	date taken	amount borrowed	date repaid
1	5 November 2014	£200	28 November 2014
2	1 February 2015	£250	deferred and top up
top up	12 March 2015	£250	9 May 2015
3	16 May 2015	£100	top up
top up	10 June 2015	£550	28 June 2015

Mr C feels that the loans were unaffordable because he had other debts at the time. His financial position was worsening and he was gambling so he didn't think QuickQuid should have agreed them.

QuickQuid didn't agree that it had lent irresponsibly but it did accept that Mr C had told it that he didn't want it to lend to him again after he had repaid the second loan. It has offered to refund all the interest and charges for loan three (and its top up), apply interest and remove all traces of these loans from his credit file.

In relation to the first two loans and the top up the adjudicator thought the complaint should be upheld in part. She thought that QuickQuid should have carried out additional checks before agreeing the top up to loan two. And if it had, she didn't think it would have concluded he could afford the repayments for this. She said QuickQuid should refund all the interest and charges for the loan two top up, pay interest on that amount and remove any information about it from his credit file.

QuickQuid didn't agree. It said that it had carried out an affordability check and believed the loans were affordable.

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 C, QuickQuid had to make sure each loan was affordable. There aren't set checks it had to carry out. But affordability checks should be proportionate to things like – but not limited to – the size of the loan, the repayments, what QuickQuid knew about Mr C, and the things he told it about his circumstances.

The guidance and rules don't set out compulsory checks but they do list a number of things a lender might wish to take into account before agreeing to lend. But any checks need to be proportionate and should take into account a number of things, including things such as how much is being lent and when what's being borrowed is due to be repaid.

The checks QuickQuid carried out had to provide enough information for it to be able to understand whether Mr C could afford to make the repayments when they fell due.

loans one and two

When Mr C asked QuickQuid for the first loan he told it he was earning £1,400 per month. QuickQuid has recorded his regular monthly living expenses as £475 and it said it did a credit check. I think QuickQuid's checks went far enough. Mr C's disposable income was over £900 to meet a repayment of £259, so I think it was reasonable for QuickQuid to consider the loan was affordable.

Mr C applied for his second loan two months later. This time QuickQuid has recorded his income as £1,500 and living costs as £1,100. This left him with disposable income of £400 to meet the repayment of the principal and interest of £302. Again, I think the checks went far enough and it appeared that he had enough income to meet the repayment.

loan two top up

Mr C deferred making the repayment to the loan twice and in March he asked to top up the loan by £250. This meant that he had to make repayments in two amounts of £102 and £620. Given that Mr C's declared disposable income was just £400 I don't consider that the top up loan was affordable.

loan three and top up

Shortly after QuickQuid agreed to provide the top up to loan two, Mr C contacted it to say that he was going through a tough financial time and, once he had repaid the loan, he didn't want QuickQuid to lend to him again. Despite that he applied for and QuickQuid agreed a loan just one week after the previous loan had been repaid by a third party. QuickQuid has agreed that it shouldn't have done this, nor should it have agreed to top up the loan. It's already offered to refund all the interest and charges for these loans and to pay interest on that amount. It says it will also remove any adverse reference to it from Mr C's credit file.

putting matters right

I don't think QuickQuid should have agreed to provide the loan two top up or loan three and its top up to Mr C. If it hasn't already done so, it should:

- Refund any interest and charges applied to the loans given on 12 March 2015, 16 May 2015 and 10 June 2015.
- Add simple interest at a rate of 8% per annum to these amounts from the date they were paid to the date of settlement*.
- Remove any adverse information recorded on Mr C's credit file in relation to these three loans (the two top ups and one loan)

* If QuickQuid considers it has to deduct tax from the interest element of my award, it should send Mr C a tax deduction certificate showing how much tax it's taken off if he asks for one.

my final decision

My final decision is that I uphold this complaint in part. I require CashEuroNet UK LLC to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 13 September 2018.

Karen Wharton
ombudsman