

complaint

Mr C says CashEuroNet UK LLC (trading as QuickQuid) lent to him irresponsibly.

background

Mr C had 17 loans with QuickQuid. Mr C's complaint is about loans 7 to 17.

I've summarised some of the details of Mr C's loans in the table below. Loans denoted with both a letter and number are top-ups – this is where Mr C borrowed extra funds during the course of a loan.

Loan no.	Amount (£)	Start date	End date
1	300	10/05/2011	31/05/2011
2	250	02/06/2011	20/07/2011
3	100	05/03/2012	16/03/2012
4	500	21/03/2012	
4a	200	23/03/2012	16/04/2012
5	50	16/04/2012	16/05/2012
6	250	06/07/2012	
6a	450	07/07/2012	01/08/2012
7	700	04/08/2012	07/09/2012
8	250	04/01/2013	
8a	100	07/01/2013	15/02/2013
9	500	19/02/2013	
9a	200	22/02/2013	15/03/2013
10	200	15/03/2013	
10a	250	05/04/2013	18/06/2013
11	200	28/06/2013	
11a	600	29/06/2013	15/08/2013
12	800	15/08/2013	16/03/2014
13	250	24/03/2014	16/04/2014
14	150	28/04/2014	
14a	50	08/05/2014	16/05/2014
15	400	18/05/2014	
15a	200	26/05/2014	17/06/2014
16	800	17/06/2014	04/11/2015
<i>break in lending</i>			
17	200	10/02/2018	21/02/2018

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 on our website and I've taken this into account in deciding Mr C's case.

I've decided to uphold Mr C's complaint in part and have explained why below.

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 C could repay his 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 Mr C'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 a lender should fairly and reasonably have done more to establish that any lending was sustainable for the consumer. These would include where:

- a consumer's income is low or the amount to be repaid takes up a substantial portion of their income
- the amount, or amounts, due to be repaid are higher
- there is a larger number and/or frequency of loans
- the period of time during which a customer has been provided with borrowing is long.

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable.

Bearing all of this in mind, I think that there are three key questions for me to consider in order to fairly and reasonably determine Mr C's complaint. These questions are:

1. Did QuickQuid, each time it lent, complete reasonable and proportionate checks to satisfy itself that Mr C would be able to repay in a sustainable way? If not, would those checks have shown that Mr C would have been able to do so?
2. Taking into account the short-term purpose of the loans provided, did the overall pattern of lending increase Mr C's indebtedness in a way that was unsustainable or otherwise harmful?
3. Did QuickQuid act unfairly or unreasonably in some other way?

I've carefully thought about all of these questions and what they mean for Mr C's complaint.

Did QuickQuid, each time it lent, complete reasonable and proportionate checks to satisfy itself that Mr C would be able to repay in a sustainable way? If not, would those checks have shown that Mr C would have been able to do so?

The first of Mr C's loans with QuickQuid which I am considering is loan 7.

When Mr C applied for loan 7, he'd been borrowing from QuickQuid without any substantial breaks between the loans for a period of about five months. The amount he'd requested for loan 7 was the largest single amount borrowed up to that point. At this time Mr C had declared a net monthly income of £1,280. The repayment for the loan was £831.25 – which was about 65% of Mr C's declared income.

At this time, QuickQuid didn't ask Mr C to provide any information about his monthly expenditure. Given the size of the loan compared to Mr C's income, I don't think QuickQuid carried out a proportionate affordability check. I don't think it was reasonable for QuickQuid to assume a payment which represented almost two thirds of Mr C's monthly income was likely to be affordable without knowing anything about his monthly expenditure.

It's notable that there was only a gap of a few days since loan 6 was repaid and the amount Mr C borrowed for loan 7 was similar to the £857 Mr C had paid to settle loan 6. So it appears that settling loan 6 likely caused Mr C to need to borrow again. That's not a sustainable situation – and I think QuickQuid ought to have realised that a loan with such a large repayment relative to Mr C's income was always likely to be unsustainable. I'm therefore upholding the complaint about loan 7.

I haven't recreated individual, proportionate affordability checks for loans 8 to 16 because I don't think that it is necessary to do so. I'll explain why this is the case in the next section.

Taking into account the short-term purpose of the loans provided, did the overall pattern of lending increase Mr C's indebtedness in a way that was unsustainable or otherwise harmful?

I've also looked at the overall pattern of lending. I've looked to see if there was a point at which QuickQuid should reasonably have seen that further lending was unsustainable, or otherwise harmful. And so QuickQuid should have realised that it shouldn't have provided any further lending. Given the particular circumstances of Mr C's case, I think that this point was reached by loan 8. I say this because:

- Mr C had been borrowing from QuickQuid for about six months without break between March and September 2012. The amounts he was borrowing were increasing during this period. And QuickQuid ought to have realised it was likely his indebtedness was increasing unsustainably.
- Although there was then a break of about four months between loans 7 and 8, I don't think that this was a significant enough break that QuickQuid could have reasonably thought there had been a positive change to Mr C's financial situation. And had QuickQuid carried out proportionate checks at this stage (such as asking Mr C for proof of income and expenditure) it likely would've seen that Mr C's expenditure around that period exceeded his income. For example, I've seen he owed over £1,000 to a charge card provider.

- Mr C wasn't making any real inroads to reducing his indebtedness to QuickQuid. And he was in effect paying large amounts of interest to service this debt over an extended period
- Mr C was demonstrating repayment difficulties from March 2013 – and notified QuickQuid of a reduction in his income. But QuickQuid continued to lend to him after this, charging him late fees on loans 10, 11, 12, 15 and 16.

I think that Mr C lost out because QuickQuid continued to provide borrowing from loan 8 onwards because:

- these loans had the effect of unfairly prolonging Mr C's indebtedness by allowing him to take expensive credit over an extended period of time
- the sheer number of loans was likely to have had negative implications on Mr C's ability to access mainstream credit and so kept him in the market for these high-cost loans

So I'm upholding Mr C's complaint about loans 8 to 16 because the overall pattern of lending increased his indebtedness in a way that was unsustainable or otherwise harmful and he lost out as a result.

I consider that there was a significant break between loans 16 and 17. I don't think QuickQuid acted unfairly when it approved loan 17. It assessed Mr C's income and expenditure at this time and given the break between loans 16 and 17 I don't think it acted unfairly by relying on what Mr C had told it. It was reasonable for QuickQuid to think loan 17 was affordable.

Did QuickQuid act unfairly or unreasonably in some other way?

I've carefully thought about everything provided. Having done so, I've not seen anything here that leads me to conclude QuickQuid acted unfairly or unreasonably towards Mr C in some other way.

putting things right – what QuickQuid needs to do

- refund all interest and charges Mr C paid on loans 7 to 16;
- 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 7 from Mr C's credit file;
- the number of loans taken from 8 means any information recorded about them is adverse. So all entries about loans 8 to 16 should be removed from Mr C's credit file

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

my final decision

For the reasons I've explained, my final decision is that I'm partially upholding Mr C's complaint. CashEuroNet UK LLC should put things right by taking the steps set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 25 November 2019.

Matthew Bradford
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