

complaint

Mr S complains that CashEuroNet UK LLC, trading as QuickQuid, gave him loans he couldn't afford to repay.

background

Mr S took out the following loans from QuickQuid:

| | date | £ amount borrowed, including top-ups | date repaid |
|----|------------------|--------------------------------------|-------------------|
| 1 | 18 June 2015 | 150 | 31 July 2015 |
| 2 | 11 August 2015 | 450 | 30 September 2015 |
| 3 | 3 December 2015 | 300 | 9 December 2015 |
| 4 | 11 December 2015 | 150 | 17 December 2015 |
| 5 | 4 January 2016 | 450 | 31 March 2016 |
| 6 | 2 April 2016 | 550 | 12 May 2016 |
| 7 | 5 June 2016 | 450 | 23 June 2016 |
| 8 | 8 July 2016 | 575 | 25 August 2016 |
| 9 | 30 December 2016 | 725 | 25 January 2017 |
| 10 | 12 February 2017 | 300 | 11 May 2017 |
| 11 | 16 May 2017 | 200 | 27 May 2017 |
| 12 | 15 June 2017 | 850 | 27 July 2017 |
| 13 | 1 September 2017 | 400 | |

Our adjudicator said that the checks QuickQuid did before loans one to four went far enough but that it should've done more before loan five onwards. She said that before loan five and the loans that followed, QuickQuid should've carried out a full review of Mr S's finances. The adjudicator said if QuickQuid had done that, it would've seen that he couldn't afford to repay further borrowing. She set out what QuickQuid should do to put that right.

QuickQuid didn't agree with the adjudicator. It said:

- Before loans five – 13, it looked at Mr S's reported income and expenditure and did a credit check. There was nothing to indicate that it should've done more.
- Mr S had a good repayment history for loans one to four.
- Loan five was for the same amount as loan two.
- Loans 10, 11 and 13 were for less than loan five.
- Mr S didn't struggle to repay the loans.
- Mr S had sufficient disposable income to make the repayments.
- It couldn't reasonably have been aware of Mr S's gambling.
- It was up to Mr S how he allocated his disposable income.

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 S, QuickQuid 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 QuickQuid had about Mr S. There's no set list of the checks a lender should carry out.

Before agreeing to loan one, QuickQuid asked Mr S about his monthly income and expenditure, which it recorded as £2,268 and £525 respectively. It also carried out credit checks but I haven't seen the results of those checks. I don't think it needed to do more before loans one to four. That's because those loans were at the beginning of QuickQuid's lending to Mr S and it appeared he could afford the repayments.

I think the position was different before loan five. By then, Mr S had borrowed from QuickQuid for over six months. I don't think the short gaps in his borrowing during that time were such that they broke the chain of borrowing. The pattern of borrowing suggested that Mr S may be reliant on short-term borrowing in the medium to long term and that's not what it's designed or intended for. So, I don't agree with QuickQuid that there was nothing to suggest that it should've done more. I think Mr S's pattern of borrowing meant that proportionate checks before loan five onwards are likely to have established a much fuller picture of his financial position. I think proportionate checks here would've meant that QuickQuid took steps to verify the information Mr S provided about his financial situation.

As QuickQuid doesn't appear to have carried out proportionate and sufficient checks, I can't say for sure what it would've found out had it done so. Mr S has provided us with evidence of his financial circumstances at the time he applied for the loans. So I've been able to get a picture of what his financial circumstances were like. Of course, I accept that this isn't perfect, as different checks show different things. And just because something shows up in the information Mr S has now provided, it doesn't mean that it would've shown up in any checks that QuickQuid might've carried out. But the information Mr S has provided is the best indication I have of what his financial circumstances were at the relevant time. In the absence of anything else, I think it's reasonable to rely on it.

I think if QuickQuid had carried out proportionate checks before loan five onwards, it would've seen that Mr S couldn't afford to repay further borrowing. Before loan five, Mr S's income was over £2,600, which was more than QuickQuid had recorded at the outset. His normal living costs and regular financial commitments amounted to over £800. But Mr S had other short-term debt and spent considerable sums and more than he earned on gambling. Mr S's financial position was similar or worse for the rest of the time he borrowed from QuickQuid. That clearly wasn't sustainable and he couldn't afford to repay further borrowing.

QuickQuid says Mr S had a good repayment history and didn't struggle to repay the loans. I don't find that persuasive. It's apparent that Mr S was borrowing from multiple short-term lenders and moving money about to make repayments. I don't think the fact that Mr S repaid all but the last loan shows that he could afford to do so in a sustainable way.

QuickQuid has referred to the amounts of some of the loans. I don't think the fact that loans 10, 11 and 13 were for less than loan five alters the outcome here. Proportionate checks would've shown that Mr S couldn't afford to repay them.

QuickQuid says it wasn't aware of Mr S's gambling but it would've been aware of it if it had taken steps to verify what Mr S said about his finances.

Overall, I think the adjudicator's proposed resolution of this complaint is fair and reasonable. I'd add that QuickQuid is entitled to deduct an amount from the compensation to reduce any capital still owing on the last loan.

my final decision

I uphold this complaint. To put things right, I require CashEuroNet UK LLC, trading as QuickQuid:

1. To refund to Mr S all interest and charges he's paid on loans five to 13, plus pay simple interest at the rate of 8% a year*, from the date each sum was paid until the date of settlement;
2. To write off any unpaid interest and charges on the outstanding loan;
3. To use this refund to reduce the capital owing on the outstanding loan and pay any balance to Mr S; and
4. To remove any negative information about loans five to 13 from Mr S's credit file.

* HM Revenue & Customs requires CashEuroNet UK LLC, trading as QuickQuid, to take off tax from this interest. It must give Mr S a certificate showing how much tax it's taken off, if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 22 February 2018.

Louise Povey
ombudsman