

complaint

Mr N complains CashEuroNet UK LLC (trading as QuickQuid and Pounds to Pocket) lent him money he couldn't afford to repay.

background

Between May 2013 and June 2015 Mr N took out a total of 18 loans with CashEuroNet. All but one of these loans was with CashEuroNet trading as QuickQuid. Mr N took out an instalment loan with CashEuroNet trading as Pounds to Pocket in December 2014.

Mr N said CashEuroNet was irresponsible to agree so many loans as he was in a financial mess.

The adjudicator recommended that Mr N's complaint be upheld in part. He didn't think CashEuroNet carried out adequate affordability checks for any of the loans. The adjudicator didn't think better checks would've made a difference to CashEuroNet's decision to lend loans one to four. But he thought it shouldn't have agreed loan five onwards.

By the time of the fifth loan, the adjudicator thought CashEuroNet should've carried out a more detailed analysis of Mr N's financial situation. And if it had asked to look at bank statements for example, CashEuroNet would've seen Mr N was spending large amounts on spread betting. A check of Mr N's credit file would've also shown he owed £25,000 to a credit card company.

The adjudicator asked CashEuroNet to refund all interest and charges that Mr N paid on the fifth loan onwards together with interest on the refund. The adjudicator said CashEuroNet could apply the refund to any outstanding capital before paying the balance to Mr N. The adjudicator asked the lender to remove any negative information about the affected loans from Mr N's credit file.

CashEuroNet has made an offer to refund interest and charges on some but not all of the loans so the complaint has come 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. Having done so, I agree with the conclusions of the adjudicator.

CashEuroNet was required to lend responsibly. It needed to carry out checks to see whether Mr N could afford to pay back each loan before it lent to him. These checks needed to be proportionate to things such as the amount of the loan, the repayments and any borrowing history. But there wasn't a set list of checks CashEuroNet had to do.

loans one to four

Before agreeing the first loan, CashEuroNet should've asked Mr N for details of his income. The information CashEuroNet had about this was three years out of date. It wasn't reasonable to rely on this information. By the second loan, it would've been reasonable to expect CashEuroNet to find out about all of Mr N's monthly outgoings, including any other short term loans.

However, if CashEuroNet had carried out these more proportionate checks it seems likely it would've still agreed to lend given the level of Mr N's disposable income.

loan five onwards

By this time, the level of Mr N's borrowing had increased. I think it was reasonable to expect CashEuroNet to carry out some further checks. These checks could've included finding out more about Mr N's expenses and commitments. To do this, CashEuroNet could've asked for copy bills or looked at Mr N's bank statements. Although CashEuroNet wasn't required to do this, I consider it would've been reasonable and proportionate.

If CashEuroNet had done these extra checks, it would've seen Mr N was spending many thousands of pounds each month on spread betting. For example on one day alone in July 2014 (a few weeks before taking the 13th QuickQuid loan) Mr N paid the spread betting business £3,000. He did the same a few days later. I can also see evidence that Mr N was regularly using at least one other online gambling service.

Throughout this time Mr N continued to borrow money from multiple short term lenders. Even though he had a substantial monthly income, Mr N spent more than he was earning. He was relying on short term lending and other forms of credit to sustain him.

CashEuroNet has already offered to refund charges and interest on QuickQuid loans: five to 12 and 14. I appreciate it says there were substantial breaks between some loans. But I don't think this means CashEuroNet shouldn't have carried out more checks before agreeing the other loans. If it had, I don't consider CashEuroNet would've lent any money to Mr N from loan five onwards.

CashEuroNet says that we shouldn't include the loan it gave to Mr N when trading as Pounds to Pocket as he was able to repay it over a longer period of time in smaller instalments. I understand CashEuroNet's position but given Mr N's situation, I don't think the instalment loan was any more affordable to him than the shorter term lending.

Mr N has had the benefit of the money so I think it's fair that he pays the outstanding capital back. But I agree with the adjudicator that CashEuroNet should refund all interest and/or charges applied to QuickQuid loans five to 17 and the Pounds to Pocket instalment loan. CashEuroNet should remove all negative information recorded about these loans from Mr N's credit file.

my final decision

My decision is that I uphold this complaint in part. In full and final settlement, I require CashEuroNet UK LLC (trading as QuickQuid and Pounds to Pocket) to do the following:

- Refund all interest and charges applied to QuickQuid loans five to 17 and the Pounds to Pocket instalment loan
- Add simple interest at the rate of 8% per year on the above interest and charges from the date they were paid to the date of settlement †;
- Apply the refund to any outstanding capital balance before paying any remaining balance to Mr N.

- Remove any negative information about the above loans from Mr N's credit file

† HM Revenue & Customs requires CashEuroNet to take off tax from this interest.
CashEuroNet must give Mr N 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 N to accept or reject my decision before 4 September 2017.

Gemma Bowen
ombudsman