

complaint

Mr S says CashEuroNet UK LLC, trading as QuickQuid, lent to him irresponsibly.

background

Mr S had two payday loans with QuickQuid. I've set out some of the details QuickQuid provided about the loans in the table below.

Loan no.	Amount	Start date	End date	Original repayment schedule
1	£200	23/02/2010	29/03/2010	£53.10 on 5 Mar 2010 £253.10 on 19 Mar 2010**
2	£600	15/04/2010	<i>outstanding</i>	£135 due on 28 Apr 2010 £750 due on 12 May 2010

**the loan repayment was extended to 29 March

An adjudicator considered Mr S' complaint and recommended it be upheld in part. She didn't think QuickQuid had done enough to check whether either loan was affordable.

For loan 1, QuickQuid had asked Mr S about his net monthly income and recorded it as £1,600. But our adjudicator thought QuickQuid ought to have asked Mr S some questions about his expenditure too. However, she didn't think there was enough evidence of Mr S' expenditure in February 2010 and so couldn't say proportionate checks would've shown loan 1 wasn't affordable.

Loan 2 had a much larger second repayment – about 47% of Mr S' net monthly income – and he'd incurred late fees for loan 1. So our adjudicator recommended the complaint about loan 2 be upheld. QuickQuid agreed to this recommendation and offered to refund the interest and charges Mr S paid on loan 2 and add interest at 8% simple per year to that refund. It would then offset that against the remaining balance of the loan. It also said it would remove any reference about the loan from Mr S' credit history, once he'd cleared the remaining principal balance.

Mr S' didn't accept the offer, for a number of reasons (all of which I've read and will summarise here). He said that he thought he should also receive money for 'distress and inconvenience'. He didn't think he should have to pay the outstanding balance of loan 2. Mr S also said QuickQuid and a third-party business harassed him in relation to the outstanding balance of loan 2.

As there was no agreement, the complaint has been passed to me to decide.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've taken into account the law, good industry practice and any relevant regulations at the time.

In relation to Mr S' complaint about loan 1, I consider it would've been proportionate for QuickQuid to ask Mr S some questions about his expenditure (e.g. rent/mortgage, food, travel *etc.*) as well as his income. The largest repayment was about 16% of Mr S' declared income, which I think is high enough that it wasn't reasonable for QuickQuid to assume the

loan was affordable without also having sufficient information about Mr S' regular expenditure. But I haven't seen any evidence of what Mr S' regular expenditure was at the time the loan was approved. And the repayment wasn't so high that I think it's reasonable to assume, in the absence of this information, that loan 1 wasn't affordable to him. So I'm unable to find that loan 1 was lent irresponsibly.

As QuickQuid has already made an offer for loan 2, I don't need to decide whether the loan was approved responsibly or not. I only need to decide whether QuickQuid's offer is fair.

QuickQuid's offer is in line with this Service's usual approach to putting things right for this type of complaint. But Mr S says QuickQuid should write off the balance of the loan in addition to what it has offered to do. And he says it should also pay him something for distress and inconvenience.

I've not seen anything to persuade me it would be fair for QuickQuid to write off the balance of Mr S's loan, or pay him anything extra for distress and inconvenience. I'll explain why.

My starting point is that Mr S has had the benefit of the £600 he borrowed, so it's fair that he should pay it back. After all, QuickQuid is refunding the interest and other charges Mr S wouldn't have paid if the loan hadn't been approved. So in effect, Mr S needs to return the principal he wouldn't have received had the loan not been approved. This comes as close as possible to putting Mr S in the financial position he would've been in had QuickQuid not lent him the money. And I think that's a fair way to resolve his complaint.

I also don't think QuickQuid needs to pay Mr S anything for distress and inconvenience in relation to his complaint about irresponsible lending. I've not seen evidence QuickQuid was actually aware Mr S was in financial difficulty before it approved the loans, so I don't think it had reason to think providing loans – which Mr S had asked for – would cause him distress.

I've noted in Mr S' response to the adjudicator he says QuickQuid and a third party both harassed him when attempting to collect the outstanding debt.

I can't address these matters in this decision. Firstly, I've not seen that Mr S raised this matter with QuickQuid when he complained about irresponsible lending. There's no reference to this issue when Mr S' first referred his complaint to this service either. So QuickQuid hasn't had the opportunity to consider this issue first – as it must under our rules. And secondly, I can't consider the third-party debt purchaser's acts or omissions in a complaint against QuickQuid. If Mr S wishes, he can raise any concerns he has about this with the relevant business.

In summary, I don't think there's enough evidence to conclude it was irresponsible for QuickQuid to have approved loan 1. And I think QuickQuid's offer to resolve the complaint in respect of loan 2 is fair.

Mr S has previously told this service he is in poor health. I remind QuickQuid of its obligation to treat Mr S positively and sympathetically.

putting things right

QuickQuid should do what it has offered:

- it should refund the interest and charges Mr S paid on loan 2, adding 8% simple interest per year from when they were paid until the date of settlement†
- it may apply the refund to the remaining principal balance
- it should remove any information about the loan once the balance is repaid

To be clear, if QuickQuid doesn't own the debt, it should take it back. If it's unable to do this, it will have to liaise with the debt owner to achieve the same outcome as set out above – ensuring that Mr S repays no more than the principal amount borrowed.

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

my final decision

QuickQuid's offer to resolve the complaint is fair. CashEuroNet UK LLC must put things right by taking the steps set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 29 April 2019.

Matthew Bradford
ombudsman