

complaint

Mr H complains that CashEuroNet UK LLC, trading as QuickQuid, lent to him in an irresponsible manner.

background

Mr H took out five loans with QuickQuid between July 2016 and November 2017. The last loan remains outstanding. A summary of the loans is as follows:

	date	£ amount borrowed	no. of payments at outset	date repaid
1	28 July 2016	200	3	25 November 2016
2	30 November 2016	150	3	24 February 2017
3	25 March 2017/17 April 2017	500/100	3	27 June 2017
4	30 June 2017/1 July 2017	500/100	3	27 October 2017
5	25 November 2017/ 29 November 2017	500/150	3	

Our adjudicator said that QuickQuid carried out proportionate checks before loans one and two but not before loan three onwards. He said that if it had done so, it would have seen that Mr H couldn't afford to repay loans three, four and five. The adjudicator set out what QuickQuid should do to put that right.

QuickQuid didn't agree with the adjudicator, so the complaint was passed to me, an ombudsman, 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. Having done so, I agree with the adjudicator's view and I'll explain why.

Before agreeing to lend to Mr H, 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 H. There's no set list of the checks a lender should carry out.

Before agreeing to each of the loans, QuickQuid asked Mr H about his income and expenditure. It also carried out credit checks. I think that the checks QuickQuid carried out before loans one and two were sufficient and proportionate. There wasn't anything in the information Mr H provided or the information QuickQuid should have been aware of at that stage which meant that it would have been proportionate to start verifying what Mr H was saying.

I think that changed from loan three onwards. That's because the highest repayments for loans three, four and five were a significant amount of Mr H's stated income. And by loan three, Mr H had been borrowing from QuickQuid over several months with very little break in borrowing. In those circumstances, proportionate checks 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 H 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 taken steps to verify Mr H's true situation. Mr H 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 H has now provided, it doesn't mean that it would've shown up in any checks that Mr H might've carried out. But the information Mr H 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.

Proportionate checks for loan three onwards would have shown that Mr H was spending considerable sums on gambling and that he couldn't afford to repay further borrowing. For example, at the time of loan three, Mr H had disposable income of around £500 but spent around £1,300 on gambling. The pattern was similar for loans four and five.

Considering everything, I don't think QuickQuid has shown its checks for loans three onwards were sufficient or proportionate. If it had carried out proportionate checks, I think it would've seen that loans three, four and five were unaffordable. On balance, I don't think QuickQuid should have given Mr H those loans.

Overall, I think the adjudicator's proposed resolution of this complaint is fair and reasonable. I agree with the adjudicator's conclusions. I'd add that as loan five is outstanding, QuickQuid may apply the refund of interest and charges to reduce any capital outstanding for loan five and pay any remaining refund to Mr H.

my final decision

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

1. To refund to Mr H all interest and charges he's paid on loans three onwards 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 H; and
4. To remove any negative information about loans three onwards from Mr H's credit file.

* HM Revenue & Customs requires CashEuroNet UK LLC, trading as QuickQuid to take off tax from this interest. It must give Mr H 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 H to accept or reject my decision before 4 July 2019.

Louise Povey
ombudsman