

**complaint**

Mr D complains that CashEuroNet UK LLC was irresponsible to continue to lend to him given his borrowing history.

**background**

Mr D had eleven loans from CashEuroNet (trading as QuickQuid and Pounds to Pocket) between December 2010 and September 2017 as follows:

Loan	Date	Amount	Term	Due	Payment	Repaid	Status
1: P2P 1725447	13 Dec 2010	£900	354d	2 Dec 2011	£138.41	9 Dec 2011	5 late fees
2: P2P 3691321	6 Jan 2012	£950	364d	4 Jan 2013	£149.51	4 Dec 2012	1 late fee
3: P2P 5796872	4 Dec 2012	£950	335d	4 Nov 2013	£125.94		4 late fees
Top-up 1	31 July 2013	£415	338d	4 Jul 2014	£136.48		2 late fees
Top-up 2	15 Nov 2013	£230	354d	4 Nov 2014	£144.41		3 late fees
Top-up 3	13 Feb 2014	£135	356d	4 Feb 2015	£144.84	21 Apr 2014	Early
4: QQ 6118320	20 Jan 2013	£300	3m	11 Apr 2013	£352.50	On time	
5: QQ 7021311	24 May 2013	£300	3m	13 Aug 2013	£375	On time	1 late fee
6: QQ 7567902	15 Aug 2013	£750	10m	Jun 2014	£291.03	21 Apr 2014	FlexCredit
7: QQ 8746835	15 May 2014	£550	4m	Sep 2014	£254.21	9 Apr 2015	FlexCredit
8: QQ 9486220	16 Apr 2015	£200	75d	30 Jun 2015	£246.08	5 May 2015	Early
9: QQ 9537459	6 May 2015	£250	55d	30 Jun 2015	£307.60	8 Jun 2015	Early
10: QQ 10549174	6 Apr 2016	£50	55d	31 May 2016	62.80	On time	
11: QQ 12339642	3 Sep 2017	£400	88d	30 Nov 2017	£499.20	First instalment	
Top-up 1	5 Sep 2017	£100	86d	30 Nov 2017	£624		
Top-up 2	7 Sep 2017	£200	84d	30 Nov 2017	£873.60		Unpaid

Mr D says CashEuroNet should have seen he was borrowing from both QuickQuid and Pounds to Pocket on a regular basis and often had concurrent loans with both. He adds that his repayment record wasn't good and says it was irresponsible to continue to lend him money. Mr D says CashEuroNet should have realised he was becoming dependent on the borrowing and was using one short-term loan to repay another.

CashEuroNet objected to this service looking into Mr D's complaint about loan 1 as the complaint is more than six years after the loan was approved and, therefore, outside the limits set by the Financial Conduct Authority. Mr D agreed to waive his complaint about the first loan.

CashEuroNet says it checked Mr D's credit record at the time of each application and asked him for information about his income. It says his pattern of borrowing did not suggest a level of dependency and that it had found the loans to be affordable based on its assessments. However, after referral to this service, CashEuroNet offered to refund the interest and fees on loans 3 to 6 (plus 8% statutory interest) and to delete loan 3 from Mr D's credit file.

Mr D did not accept this offer.

Our adjudicator recommended the complaint should be upheld. He wasn't satisfied that CashEuroNet had done enough checks before approving any of the loans. He found that had CashEuroNet carried out proportionate checks, it is likely to have found loans 7 to 11 were unaffordable, in addition to loans 3 to 6, for which it had already made an offer. He recommended that CashEuroNet should refund interest and charges on loans 7 to 11 (plus 8% statutory interest) and remove any associated negative information from Mr D's credit file.

CashEuroNet responded to say, in summary, that it wasn't required to review bank statements in order to assess affordability and that, therefore, it couldn't agree it should have been aware of Mr D's gambling habits. It did, however, agree to add loan 7 to its previous offer.

Mr D did not accept the revised offer.

### **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

CashEuroNet was required to lend responsibly. It should have made checks to make sure Mr D could afford to repay the loans before it lent to him. Those checks needed to be proportionate to things such as the amount Mr D was borrowing, and his lending history. But there was no set list of checks CashEuroNet had to do.

#### Loan 1

CashEuroNet objected to this service considering loan 1 as the complaint was brought more than six years after the loan was approved. Mr D agreed to waive his complaint about this loan, so I will not consider it further here.

#### Loan 2

I can see CashEuroNet asked Mr D for information about his income before approving this loan. The monthly scheduled repayment was just under £150 for loan 2. As this was a relatively small proportion of the £1,300 monthly income Mr D had declared, I don't consider CashEuroNet needed to do any further checks. So I can't conclude it was wrong to approve this loan.

#### Loans 3 to 7

As CashEuroNet has already offered to uphold Mr D's complaint about these loans, I won't consider them further here.

### Loans 8 and 9

As these loans followed on in quick succession from all the previous loans, I think this should have alerted CashEuroNet to the possibility Mr D was becoming dependent on such borrowing. As such, I consider it should have carried out a full financial review, to include verifying the information Mr D had provided and looking into whether he had any other short-term commitments.

I have used Mr D's bank statements to assess whether he had any other short-term loan commitments and it's clear he had significant outstanding debts at the time he took out each of loans 8 and 9.

Just before Mr D applied for loan 8, he had borrowed over £1,000 from three other short-term loan providers. With those repayments, and others from earlier short-term loans, Mr D needed to repay over £1,400 in May 2015. As his income was about the same as he'd declared, £1,300, it is clear loan 8 was not affordable to him.

Similarly, Mr D had borrowed nearly £800 from two other short-term loan providers just before he applied for loan 9. This meant he needed to repay over £2,600 in June, so loan 9 was also unaffordable.

### Loan 10

There was a bit of a gap in borrowing before Mr D applied for his next loan but, given his previous reliance on short-term loans, I'd have expected CashEuroNet to check Mr D's current status before approving this loan. Again, Mr D had applied for two other loans, totalling £750, just before he applied for loan 10. He also had ongoing commitments to other providers, meaning repayments due in May 2016 came to more than £1,100. I can see from Mr D's bank statements that he had other regular financial commitments of over £400, so even this £50 loan wasn't affordable to him.

### Loan 11

Mr D applied for loan 11 well over a year after repaying loan 10. I don't think it would have been unreasonable for CashEuroNet to consider he was no longer reliant on short-term lending by this stage, and I don't find a full financial review is proportionate. However, even before the top-ups, Mr D's maximum scheduled repayment on this loan was almost £500. As this was a large proportion of his income, I do think CashEuroNet should have asked Mr D about other short-term commitments as well as his income and expenditure.

I can see Mr D told CashEuroNet that his income was £1,400 and his outgoings were £625 at the time of the loan application. This gave Mr D a disposable income of £775. By the time Mr D had topped up his loan to £700, he needed to make a repayment of over £870 in November 2017. Clearly this was unaffordable to him given the information CashEuroNet already had about his disposable income. But Mr D was still making large payments to other short-term loan providers (over £900 to one provider in September 2017) so I can't conclude CashEuroNet should have approved the original loan application or the first top-up either.

I acknowledge what CashEuroNet says about it not having any obligation to look at a consumer's bank statements and having no way of knowing about a potential gambling problem. In this case, however, Mr D's gambling was not a relevant consideration, as I find loans 8 to 11 were unaffordable without taking the gambling transactions into account.

### **my final decision**

My decision is that I uphold this complaint. As well as the offer it's made on loans 3 to 7, CashEuroNet UK LLC should:

- Refund all interest and charges that Mr D paid on loans 8 to 11;
- Pay interest of 8% simple a year on all refunds from the date of payment to the date of settlement\*;
- Deduct from this amount any refunds already paid.
- Write off any unpaid interest and charges for loan 11, apply the refund to reduce any capital outstanding and pay any balance to Mr D;
- Remove any negative information about loans 8 to 11 from Mr D's credit file.

\*HM Revenue & Customs requires CashEuroNet to take off tax from this interest.

CashEuroNet must give Mr D a certificate showing how much tax it's taken off if he asks for one. If CashEuroNet intends to apply the refund to reduce any outstanding capital balance, it must do so after deducting the tax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 1 June 2018.

Amanda Williams  
**ombudsman**