

complaint

Mr G says that CashEuroNet UK LLC, trading as Quick Quid, lent to him irresponsibly.

background

I issued my provisional decision on this case on 5 June 2018. A copy of it is attached and forms part of this final decision. The full background to this complaint is set out in my provisional decision and as such I won't reiterate it here.

I explained why I didn't think the complaint should be upheld. Quick Quid didn't have anything to add in response. Mr G didn't agree with my provisional decision. He said (in summary):

- It's likely Quick Quid ignored his history of defaults in order to profit from him
- Quick Quid should've seen the hundreds of other loans he'd taken out before borrowing from it and it should've realised he was in a cycle of dependency
- Given his credit history, Quick Quid should've asked him what he needed the loans for or requested his bank statements. If it had done this, it would've learned Mr G had a serious gambling problem and he was using loans to fuel it
- Mr G was always in his overdraft
- Another lender Mr G had debts with could take money at any time it thought he had it, meaning he could default on other debts

my findings

I've again 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.

Having done so, the points raised by Mr G haven't changed my mind – so I'm not going to uphold this complaint. I'd like to explain why.

I acknowledged Mr G had some negative credit history before applying for these loans. I'd like to make it clear though, the defaults I had referred to was information I'd observed on the credit file Mr G provided to us. That information didn't come from Quick Quid.

Quick Quid did carry out credit checks – but I've only seen evidence that it obtained some fairly basic information. I haven't seen evidence that it was aware of as much information as Mr G has suggested. This also means I can't say Quick Quid was aware of how many loans Mr G had before he approached Quick Quid.

Even if Quick Quid did see the defaults, I said in my provisional decision that I didn't think Quick Quid needed to ask more questions about the first loan. It asked Mr G about his income and expenditure and the loan looked easily affordable on the basis of the information Mr G provided. In that context, I think defaults which took place quite some time before the loan was applied for are less significant.

I said Quick Quid should've done more to check if the second loan was affordable – including asking about other short-term loans. I said it wasn't easy to tell what Mr G would've told Quick Quid if it had asked about this. Mr G has highlighted that he had loans with a lender which took payments in a way which was a bit unusual. If anything I think this

acknowledges that it would be difficult to say what Mr G would've told Quick Quid, if it had asked him. In the absence of a reasonable alternative, I still think it's fair to consider what the impact Mr G telling Quick Quid about the contractual repayment to this lender would've been. So this point hasn't changed my mind.

Finally, Mr G has suggested Quick Quid should've asked him for copies of bank statements, or spoken to him about his financial situation. I still think it would be disproportionate to say Quick Quid should've done this. Mr G only had two loans with Quick Quid and I'm unable to say it was aware of the broader problems Mr G had with his finances. Because of this, I think it's unlikely Quick Quid would've found out about Mr G's gambling problem, or seen that he was always overdrawn.

I realise this will be disappointing for Mr G. But for the reasons given above and in my provisional decision, I do not think his complaint should be upheld.

my final decision

I do not uphold Mr G's complaint against CashEuroNet UK LLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 20 July 2018.

Matthew Bradford
ombudsman

COPY OF PROVISIONAL DECISION

complaint

Mr G says that CashEuroNet UK LLC, trading as Quick Quid, lent to him irresponsibly.

background

Mr G had two loans with Quick Quid. The first loan started on 6 January 2017 and was for £150. It had a term of 49 days and was repayable with a payment of £22.80 on 25 January and then £186 due on 24 February.

The second loan started on 5 April 2017 and was for £500. It had a term of 50 days and was repayable with a payment of £60 due on 25 April and then £620 due on 25 May.

Our adjudicator considered the case and thought the complaint about the first loan shouldn't be upheld. But she did think the complaint about the second loan should be upheld.

Quick Quid didn't agree with the adjudicator, so the complaint has been passed to me to decide.

my provisional 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.

Relevant regulations include the Financial Conduct Authority's Consumer Credit sourcebook ("CONC"). Among other things, CONC requires lenders to carry out proportionate checks to establish whether a loan is affordable. There's no prescriptive list of checks a lender has to undertake. But CONC suggests proportionate checks may take into account factors such as the type of credit, the amount of credit, credit history and existing financial commitments.

Having taken everything into account, I'm not planning to uphold this complaint – I'll explain why.

Loan one

I think the checks Quick Quid carried out before lending to Mr G were proportionate. It recorded that Mr G was employed, with net income of £1,820 per month. Quick Quid also seems to have asked Mr G some basic questions about his expenditure and has recorded that Mr G declared monthly living expenses of £825. This included some specific expenses such as £550 a month for housing and £75 for utilities and some more ambiguous information such as "other" credit commitments of £50.

Quick Quid also says it carried out a credit check. It hasn't shown us the full details of what the credit check uncovered. I can see from the credit report Mr G has shown us that he had a lot of historic defaults – most of which seem to have occurred in early-to-mid 2015. Although there were a lot of defaults, I don't consider Quick Quid needed to ask more questions or look more closely at Mr G's financial position than it actually did.

Taking all of this into account, I think it was reasonable for Quick Quid to conclude the repayments of £22.80 and £186 were likely to be affordable to Mr G.

Loan two

It looks like Quick Quid carried out the same checks as it did for loan one – with Mr G declaring the same income and living expenses.

But loan two was a much larger loan, with the largest repayment being £620. This was a significant portion of Mr G's declared income. I don't think Quick Quid's checks here were proportionate, taking into account the size of the loan, the amount of the credit, the cost of the credit and Mr G's credit history.

To check if the loan was affordable to Mr G, I think Quick Quid should've asked him for a more detailed breakdown of his expenditure. This should've included asking Mr G for more precise information about his existing credit commitments – looking at Mr G's regular and short-term credit commitments so as to obtain a more accurate picture of what (if anything) he could afford to repay.

I think if Quick Quid had asked a more comprehensive set of questions, it's likely Mr G still would have said his general living expenses (housing, utilities *etc.*) were around £775. This is what he said to Quick Quid throughout 2017. If Quick Quid had asked about Mr G's regular credit commitments, I think it would've seen he was paying around £200 towards these. So before short-term lending, Quick Quid would've thought Mr G's outgoings were around £975.

It's somewhat more difficult to tell what Mr G might have told Quick Quid about upcoming payments to other short-term lenders. Mr G was borrowing regularly from two other lenders. But in respect of one of those lenders ("Lender A"), it seems Mr G's loans fell either side of his loan with Quick Quid. So there was likely no repayment to Lender A for him to declare on 5 April 2017. And in respect of the other lender ("Lender B"), Mr G appears to have made a large number of drawdowns from it, but some of which again took place *after* he applied for this second loan with Quick Quid. So it's very difficult to tell what Mr G owed Lender B. It does though seem likely that Mr G owed Lender B something when he applied for loan 2.

From what I've seen, I think it's unlikely Mr G's contractual repayments to Lender B were more than £100. So on balance I think it's unlikely Mr G would have declared any more than this to Quick Quid.

So overall, had Quick Quid asked more precise questions about Mr G's expenditure, I think it's likely Mr G would have told Quick Quid about monthly commitments of a little over £1,000. Against Mr G's declared monthly income of £1,820, I think a payment of £620 would have looked affordable to Quick Quid.

It's possible that, had Quick Quid carried out even more detailed checks, such as verifying Mr G's expenditure by checking his bank statements, it could have reached a different conclusion. But taking into account all of the circumstances at the time of the second loan, I think it would be disproportionate to say Quick Quid should have done this.

As I think it's likely proportionate checks could still have led Quick Quid to reasonably believe the second loan was affordable, I do not currently think it would be fair to uphold the complaint about it.

my provisional decision

I do not intend to uphold Mr G's complaint against CashEuroNet UK LLC.

[signed]

Matthew Bradford
ombudsman