

complaint

Mr A complains that CashEuroNet UK LLC (trading as QuickQuid) gave him money that he couldn't afford to repay.

background

Mr A took out seven loans with QuickQuid between October 2016 and August 2017. It offered to refund interest and charges on loans six and seven.

The adjudicator thought that with better checks QuickQuid would've realised that Mr A didn't have enough disposable income to afford the repayments on loans three to five.

He asked it to refund the interest and charges Mr A had paid on the loans three to seven. As well as removing any negative information about the loans from his credit file.

QuickQuid didn't agree with the adjudicator's recommendation. QuickQuid said it looked at Mr A's income and expenditure each time and validated the information he gave against various factors, including his other credit commitments. QuickQuid maintains that loans three to five were affordable for Mr A.

Mr A didn't want to accept QuickQuid's offer to uphold loans six and seven 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. I've also taken into account the law, any relevant regulatory rules and good industry practice at the time the loans were offered.

QuickQuid was required to lend responsibly. It needed to make checks to see whether Mr A could afford to pay back each loan before it lent to him. Those checks needed to be proportionate to things such as the amount Mr A was borrowing, and his lending history, but there was no set list of checks QuickQuid had to do.

QuickQuid has already offered to refund the interest and charges on loans six and seven. As these loans don't appear to be in dispute, I don't consider I need to say anything further about them.

loan one

This was Mr A's first loan with QuickQuid and he asked to borrow £400 to be repaid by two instalments of about £56 and just over £500. Mr A declared his monthly net income to be £3,500 with monthly outgoings of £2,000.

Given the relatively modest proportion of Mr A's declared income that the repayments represented, I consider QuickQuid's checks went far enough. Based on the information Mr A gave, it appeared he could sustainably afford to repay loan one – that is without borrowing elsewhere.

loan two

Mr A's second loan was for £700 to be repaid over two months. QuickQuid asked for details of Mr A's monthly salary and outgoings, including any regular credit commitments. But I think that given Mr A was expected to repay over £873 in the second repayment, QuickQuid should've done a bit more to make sure he could afford the repayments.

I think a proportionate check should've included asking Mr A specifically about his short term financial commitments. As I don't have any evidence it did this, it means that I don't think QuickQuid's checks went far enough. However, just because I think QuickQuid should've asked more questions before agreeing to lend, doesn't necessarily mean that I must uphold Mr A's complaint about loan two. I'd need to be persuaded that with better checks, loan two would've appeared unaffordable.

Mr A again declared his income to be £3,500 and his monthly outgoings to be £2,000. As Mr A doesn't appear to have had any other short term financial commitments at the time, I can't say that QuickQuid's decision to lend was wrong.

loans three to five

By loan three Mr A had been borrowing from QuickQuid on a regular basis. And he was taking on new debt shortly after repaying his previous loan.

Loan three was for £600 to be repaid over two months at around £173 the first month and just over £734 the second. I think QuickQuid should've questioned whether it knew enough about Mr A's financial situation to make an informed decision to lend.

For loans three to five I think it was proportionate to expect QuickQuid to carry out the fullest checks possible and independently verify Mr A's outgoings. It could've done this in a variety of ways such as asking to see payslips, bills or bank statements. As Mr A has given us his bank statements, I've considered these.

Around the time of loan three in January 2017, Mr A's living costs and regular financial commitments came to just over £3,280. This meant he wasn't left with enough disposable monthly income to afford the second repayment. Mr A was also gambling heavily – spending almost £2,900 in the month before taking out the loan.

Loan four was for more than loan three and QuickQuid expected Mr A to repay almost £1,500 in one go. Mr A had monthly outgoings, including living costs of more than £2,300. This meant he didn't have enough disposable income to be able to afford the largest repayment without borrowing elsewhere.

Mr A asked to borrow £1,000 in May 2017. The highest monthly repayment of £1,256 was due in August 2017. Again, with better checks, I think QuickQuid would've discovered that Mr A didn't have enough disposable income to afford the repayments on loan five.

Overall, if QuickQuid had done what I consider to be proportionate checks, it would've discovered that Mr A couldn't sustainably afford to repay loans three to five. As a responsible lender, it wouldn't have agreed these loans. So I think QuickQuid should pay Mr A more compensation than it's offered so far.

putting things right

To put things right CashEuroNet UK LLC (trading as QuickQuid) should:

- Refund any interest and charges applied to loans three to seven;
- Add simple interest at a rate of 8% per annum to each of these amounts from the date they were paid to the date of settlement*; and
- Remove any negative information recorded about the above loans from Mr A's credit file.

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

my final decision

My final decision is that I partly uphold Mr A's complaint and direct CashEuroNet UK LLC to put things right as detailed above.

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

Gemma Bowen
ombudsman