

complaint

Mr D complains that Stagemount Limited (trading as Quid Market) lent money to him that he could not afford to repay.

background

Mr D took out a loan with Quid Market in August 2017. The loan was for £500 repayable over 4 months with monthly repayments of around £208.

Mr D says that Quid Market did not carry out sufficient affordability checks before the loan was provided. He says had it done the proper checks it would have realised he had more than one loan outstanding and his credit report would have shown his other financial commitments. A review of his bank statements would have shown his significant gambling.

Quid Market says that before lending to Mr D it asked for information about his employment, salary and expenses alongside other details. It says Mr D provided information to say his net monthly salary was £1,770 and his monthly expenses were £900.

Quid Market also carried out a credit check which it says did not show Mr D had taken out a number of payday loans within days of his application and the information in the credit report was in line with the monthly credit commitment information he had provided on his application. It says that based on the information it received the loan was approved.

Mr D has not made any repayments on the loan and said that it should never have been given to him.

Our adjudicator did not recommend this complaint should be upheld. He said that Quid Market checked Mr D's monthly income and expenses and carried out a credit check before providing the loan. He said that this was Mr D's first loan with Quid Market and based on the information provided his disposable income was sufficient to meet the required repayments. Based on this he thought the checks were enough.

Mr D did not accept our adjudicator's view. He said that Quid Market had not reviewed his bank statements or checked his credit report thoroughly which would have revealed the difficulties he was in. He said that Quid Market had also failed to carry out an identity check which further suggested that it didn't do enough before agreeing the loan.

my findings

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

Before agreeing to lend to Mr D, Quid Market had to make sure that he could afford to repay the loan. Affordability checks should be proportionate. What is proportionate depends on things like - but is not limited to - the size of the loan, the repayments, what Quid Market knew about Mr D, and what he told it about his circumstances.

Prior to providing the loan to Mr D, Quid Market was provided with information by Mr D. On Mr D's application it shows he is in full time employment and records a net monthly income of £1,770. Questions were asked about Mr D's expenses and he has recorded mortgage costs of £450, credit commitments of £100, utilities of £100 and other monthly outgoings as £250. This resulted in a monthly disposable income of £870.

Mr D has provided further information and says that Quid Market did not include all of his monthly costs for other payday loans. However, it is reasonable that Quid Market relied on the information provided by Mr D and made a decision based on this. I do not think that based on the information provided Quid Market should have been concerned and so I do not think it unreasonable that further checks were not carried out.

Quid Market also carried out a credit search before providing the loan. It says that the search showed Mr D had other credit commitments but that these were in line with the information he had provided. Given the search did not raise any major issues I think it reasonable that the loan was provided.

Based on the information I have seen I think that the checks Quid Market carried out were proportionate. This was Mr D's first loan with Quid Market and based on the information Mr D provided his disposable income was sufficient to cover the costs of the monthly repayments.

Mr D has said that Quid Market didn't properly check his identity and this suggests the checking process wasn't robust. The credit check carried out together with the other information provided by Mr D was enough to establish that the loan was affordable and that Mr D was the person applying for it. I am not persuaded that Quid Market did anything wrong in giving Mr D the loan or that it should have carried out more checks than it did.

I can understand why Mr D is unhappy that he was able to get so many loans that he used for gambling. But I can't say that Quid Market should have known that this was the case on the basis of the checks it carried out or that it should have done more in these circumstances.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 26 February 2018.

Emma Boothroyd
ombudsman