

## **complaint**

Mr H complains that Stagemount Limited trading as Quid Market (Quid Market) lent to him irresponsibly.

## **background**

Between October 2013 and July 2014 Mr H took out around ten pay day loans with Quid Market. He said at the time he was struggling financially. He said had Quid Market performed proper checks it would have been aware of this. He said its lending was therefore irresponsible.

He complained to Quid Market. It did not uphold his complaint. It said based on the information he had provided and the checks it had conducted it had no reason to suspect that he was in financial hardship.

He asked us to look at his complaint. Ultimately, our adjudicator recommended that Quid Market refund the interest and charges applied from the sixth loan onwards. He also said it should remove the loan entries from his credit file.

Quid Market did not agree. It said there was nothing to indicate that it should not continue to lend to Mr H. It asked for an ombudsman's decision.

## **my findings**

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

Quid Market set out the checks that it carried out before lending to Mr H. It said it conducted a credit check before each loan and there was no adverse information to suggest that he could not afford the loans. It also asked him to provide details of his income and expenditure, which revealed a disposable income that indicated he could afford the loans. It said it was entitled to rely on this information. It highlighted that on Mr H's 11<sup>th</sup> loan application a change to his credit file prompted it to request Mr H's bank statements – whereupon it noticed that he had repayments to a debt collection agency and as a result all subsequent applications were declined.

I have looked at Mr H's bank statements. I cannot see that he had much by way of regular monthly commitments and I note that on the loan applications he said that he lived with his parents. His income was broadly as he had declared and in addition there are regular payments into his account from an online third party payment processor. Most notably, a large portion of his income was paid to gambling websites and there were often regular, and on occasion not insignificant, payments into his account from these sites. Given the - at times - quite significant levels of money in his account and his apparent lack of fixed outgoings, I am not persuaded that the earlier loans were necessarily unaffordable.

I can, however, see from his bank statements that he was making payments to debt management agencies and debt collection agencies. He was also making payments to other payday lenders. I think all of this raises concerns about how Mr H was handling his finances.

I have looked at Mr H's credit file. It shows that at the time of his first loan he was in default on two credit card accounts, a payday loan and on four mail order accounts. He was in

arrears on three credit card accounts. He was in sustained arrears on a fourth credit card account which was defaulted in January 2014 – around the time of his fifth loan with Quid Market. He was in a debt management plan in the twelve months running up to his first loan. There are about eight entries from other payday lenders in the 12 months before his first loan and in excess of 30 in the 24 months leading up to his first loan. There is little evidence of him using other payday lenders during the period of his borrowing from Quid Market, although one or two entries are recorded on his credit file.

Quid Market has said the searches that it ran did not reveal any adverse information and provided us with copies of what the searches revealed. I accept that in this instance the information retrieved on the level of search it chose to conduct may not necessarily have provided Quid Market with a full picture of Mr H's actual position. I would have expected to see, for example, at least some information regarding the defaults. I do, however, note that on the first search it conducted that the 'total number of loans delinquent (last year)' was recorded as four and then three on the third loan.

All of the above needs to be considered in the context of Quid Market's own lending relationship with Mr H. I note that: it lent to him on ten occasions in less than nine months; it lent to him every month or if not, twice in one month; loans were taken out within days of settling the previous loan and on two occasions on the same day.

Payday loans are meant as short term borrowing solutions. Here Quid Market allowed Mr H to enter into a number of separate agreements for short-term loan products one after the other. Having very carefully considered the circumstances of this complaint, I think it more likely than not that Quid Market should have been aware of possible issues around Mr H's financial behaviour that should have prompted it to make further checks earlier on in its lending relationship with Mr H.

For example, it could have asked to see his bank statements sooner than it did. Had it done so, it would have realised that he was engaged in harmful financial behaviour beyond what I think was realistically sustainable levels. I say this because he was again in a debt management plan by September 2015.

I don't think therefore Quid Market acted responsibly by continuing to lend to him as it did. I broadly agree with our adjudicator that Quid Market should have been alert to this and carried out further checks by around the sixth loan. It should therefore refund any interest or charges applied to any loan taken out from the sixth loan onwards and remove any reference to the loans from his credit file.

### **my final decision**

My final decision is that I uphold this complaint. I direct Stagemount Limited trading as Quid Market to:

1. refund the interest and charges applied to all loans from 1 March 2014 onwards;
2. pay simple interest at a rate of 8% per year from the date of payment to the date of settlement; and
3. remove reference to any loans taken out from 1 March 2014 onwards from his credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 3 May 2016.

Siobhan Kelly  
**ombudsman**