

complaint

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

background

Mr O took out five loans with QuickQuid and refinanced the final loan.

No.	Date of Loan	Amount borrowed	Maximum monthly repayment	Repayment date
1	8 May 2015	£150	£182	29 June 2015
2	30 June 2015	£150	£176	29 July 2015
3	14 August 2015	£150	£185	29 September 2015
4	2 October 2015	£150	£179	29 October 2015
5	19 November 2015	£150	£193	refinanced
5a	9 December 2015	£75	£275	29 July 2016

QuickQuid recorded Mr O's net monthly income to be £1,200. It says Mr O declared £325 in monthly expenses. QuickQuid agreed to lend based on this information and various credit checks.

The adjudicator recommended that Mr O's complaint be upheld. She thought QuickQuid's checks went far enough before agreeing loans one to three. The adjudicator didn't think QuickQuid carried out proportionate checks before agreeing the remaining loans.

The adjudicator thought that with better checks, loan four would've still appeared affordable for Mr O. But she didn't think it was reasonable of QuickQuid to agree loan five (including the additional financing).

The adjudicator asked QuickQuid to refund the interest and charges Mr O had paid on the loan five and the refinanced loan. As well as removing any negative information about them from his credit file.

QuickQuid doesn't agree with the adjudicator's recommendation. It says the checks it carried out were adequate. QuickQuid says it asked Mr O to include any payday loans as part of his overall credit commitments. QuickQuid says it checked whether the information Mr O gave was reliable and it made sure that Mr O could sustainably afford his repayments.

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 O 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 O was borrowing, and his lending history, but there was no set list of checks QuickQuid had to do.

loans one to three

It was early on in Mr O's lending history with QuickQuid and the maximum monthly repayment represented about 15% of his declared income. I consider a proportionate check should've included asking about Mr O about his living costs and regular credit commitments.

As QuickQuid has given us evidence that it did this, I consider the checks went far enough. Based on the information that Mr O gave about his circumstances, it looked as though he could afford to repay loans one to three.

loan four

By loan four Mr O had been asking to borrow regularly. This pattern should've reasonable alerted QuickQuid to a possible dependency on short term lending. This should've prompted QuickQuid to ask Mr O whether he had any other outstanding short term loans.

QuickQuid says that it asked Mr O to include any personal or payday loans as part of the application process. QuickQuid hasn't given me an audit trail showing exactly what Mr O did or didn't see when he applied for the loan but it doesn't make a difference to my decision. Even if Mr O had included his other short term lending commitments, it would've still seemed to QuickQuid that he had enough disposable income to afford to repay loan four.

loan five

By this time, Mr O had been borrowing money within a few weeks of repaying each earlier loan. I think this should've led QuickQuid to question whether it knew enough about Mr O's financial situation before agreeing to lend.

I think it was reasonable to expect QuickQuid to carry out the fullest checks possible and independently verify the information Mr O was giving. QuickQuid could've done this in a variety of ways such as asking to see bills, payslips or bank statements. As Mr O has given us copy bank statements, I've used these to establish what proportionate checks would've shown.

Mr O's monthly salary was less than he declared - £876 instead of £1,200. He had living costs, regular and short term financial commitments of almost £674. There is also evidence of online gambling transactions which further reduced his disposable income.

Mr O didn't have enough disposable income to afford to repay loan five without borrowing elsewhere. If QuickQuid had discovered this, as a responsible lender, I don't think it would've agreed to lend.

QuickQuid went on to refinance loan five. This meant that Mr O's maximum monthly payment increased to £275. If QuickQuid had carried out the same kind of checks that I think it should've done before agreeing loan five, it would've seen Mr O couldn't afford the repayments on the additional funding either.

Mr O has lost out so QuickQuid should compensate him.

putting things right

To put things right QuickQuid should:

- Refund any interest and charges paid on loan five (including the additional funding);
- 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 loan five (including the additional funding) from Mr O's credit file.

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

my final decision

My decision is that I uphold Mr O's complaint in part and direct CashEuroNet UK LLC (trading as QuickQuid) to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 7 September 2018.

Gemma Bowen
ombudsman