

## complaint

Mr D complains that his loans from CashEuroNet UK LLC, trading as QuickQuid, were unaffordable and shouldn't have been made to him – and he says that they've caused him financial difficulty.

## background

Mr D was given five loans by QuickQuid between February 2016 and October 2017. And he topped up three of those loans by taking some additional borrowing shortly after the initial loan. Most of Mr D's loans were repayable in two or three monthly instalments. A summary of Mr D's borrowing from QuickQuid is as follows:

loan number	date taken	amount borrowed	maximum repayment amount
1	28 February 2016	£350	£431.20
2	2 October 2016	£950	£1,178
3	19 April 2017	£750	£924
3a	2 May 2017	£950	£1,178
4	28 July 2017	£500	£612
4a	3 August 2017	£600	£763
5	13 October 2017	£500	£620
5a	15 October 2017	£1,000	£1,240

Mr D increased the amount he borrowed for loans 3, 4 and 5, so I've labelled these top ups as 'a'.

Mr D doesn't think QuickQuid carried out proper checks. If it had done so, he says it would have seen that he couldn't afford to repay the loans and that he became reliant on them to meet his normal expenses. Loan 5 remains outstanding.

QuickQuid said it had performed affordability checks by asking Mr D about his monthly income and expenditure. It also carried out a credit reference agency checks for each of the loans. Mr D was employed and it considered he had enough disposable income to make the repayments when they fell due without financial difficulties.

The adjudicator thought the checks QuickQuid did for the first loan went far enough and its decision to lend was reasonable. But he thought QuickQuid shouldn't have lent to Mr D from loan 2 onwards. This is because he didn't think Mr D could afford the repayments to these loans. And this would have been clear if QuickQuid had done better checks. So he asked QuickQuid to refund interest and charges for these loans, pay interest on those amounts and remove any adverse information from his credit file.

QuickQuid didn't agree with the adjudicator. It says that the loan was due to be repaid over three months. And taking Mr D's total disposable income over those months, compared with the total he had to repay, it says the loan was easily affordable for him.

## my provisional findings

After considering all the evidence, I issued a provisional decision on this complaint to Mr D and to QuickQuid on 31 October 2018. I summarise my findings:

- QuickQuid was required to lend responsibly. It needed to make checks to see whether Mr D 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 D was borrowing and his lending history, but there was no set list of checks QuickQuid had to do.
- QuickQuid was required to establish whether Mr D could sustainably repay his loans – not just whether the loan payments were affordable on a strict pounds and pence calculation.
- Being able to sustainably meet the repayments is defined as being without undue difficulties, on time, while meeting other reasonable commitments; as well as without having to borrow further to meet the repayments. QuickQuid should realise, or it ought fairly and reasonably to realise, that a borrower won't be able to make their repayments sustainably if they're unlikely to be able to make their repayments without borrowing further.
- QuickQuid told us about the checks it did before lending to Mr D. It asked him for details of his income, and his normal expenditure, before agreeing each loan. And it gathered information on Mr D's circumstances from a credit reference agency.
- Each of Mr D's loans needed to be repaid over 3 months. But the capital wasn't repayable until the final month. This meant that Mr D only repaid interest at the start of the loan, and his final repayment was much larger. QuickQuid says that this repayment arrangement allowed Mr D to "save" money each month towards his final repayment.
- I thought the checks QuickQuid did for loan one were proportionate and it wasn't wrong to conclude that the loan was affordable.
- The amount Mr D asked to borrow for his second loan with QuickQuid was a substantial amount of his income. I thought this should have prompted QuickQuid to ask Mr D not only ask about his normal living expenses, regular financial commitments and any other short term lending but it should have taken steps to independently verify his true financial position before agreeing to lend, perhaps by asking him for evidence of his income and outgoings, such as payslips or copies of bills. Or it could've looked at things like Mr D's bank statements.
- QuickQuid believed its checks went far enough. It said it independently checked Mr D's income and expenses by validating the information he gave to it against his credit report and the average expense data published by the Office for National Statistics.
- QuickQuid concluded that Mr D had disposable income of £1,125 per month to meet repayments of £197.60, £235 and £1,178. It asked him to agree that, as the last payment was greater than his normal disposable income, he'd need to save over the period of the loan so that he could make the last payment.
- I considered that better checks would have shown QuickQuid that Mr D was gambling on a regular basis. Whilst I accepted that gambling is a decision Mr D made with regards to how he spent his disposable income, as a responsible lender, I'd have expected QuickQuid to consider such expenditure in the context of whether it was appropriate to lend to Mr D and whether he could afford to 'save' towards the final loan repayment.

- I concluded that QuickQuid would have seen that Mr D didn't have enough to save towards the last repayment and it shouldn't have given Mr D loan two.
- For similar reasons, I didn't think Mr D could 'save' enough to meet the final repayments for loans 3 and 5 and the top ups.
- As loan 4 was for a lower amount and Mr D's gambling seemed to have decreased the month before he took the loan I thought Mr D should have been able to afford this loan and the top up.

Subject to any further representations from Mr D or QuickQuid, my provisional decision was that I didn't think QuickQuid should have agreed to lend to Mr D for loans 2, 3, 3a, 5 and 5a (in the table above).

QuickQuid didn't accept my decision. In summary, it said that it did carry out enhanced checks and it couldn't reasonably know that Mr D was gambling.

Mr D responded to say that this was one of the most difficult and hard periods of his life. When he realised that at the end of three months he had to pay more than half his salary it left him little option but to apply for another loan so that he could pay his living expenses.

### **my findings**

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

QuickQuid has said that it did take reasonable steps to ensure that it didn't lend irresponsibly. It says that it asked Mr D about his 'other credit commitments' and these included short term/payday loans. It then 'validated' this information against a report it obtained through a third-party credit reference agency (CRA), which I understand provided data about national income and expenditure figures held by the Office of National Statistics (ONS). It estimated that Mr D had a disposable income of £1,125 for loan 2, £1,158 for loan 3 and £807 for loan 5 and, based on this, considered Mr D could afford to repay the loans.

But before considering whether or not this might be sustainably affordable for Mr D, I don't think it was reasonable in these instances for QuickQuid to make the assumption that he was in a position to be able to save money over time to meet the loan repayments. I noted that Mr D was given a three payment loan where the highest monthly repayment was in excess of what QuickQuid had recorded as his monthly disposable income. And Mr D asked QuickQuid for additional borrowing (or to top up) loans 3, 4 and 5 within a few days of borrowing the principal amount. I thought this should have alerted QuickQuid to the possibility that Mr D might've been seeking further funds to cover the hole left in his finances by the repayment of the previous loans. Mr D's actions during the course of his lending history with QuickQuid suggests it was unlikely that he'd be able to carry over disposable income into month three, even though he might've been aware that's what he needed to do so. So my view that QuickQuid should not have agreed these loans for Mr D remains unchanged.

### **putting things right**

I don't think QuickQuid should have agreed to lend to Mr D for the loans 2, 3, 3a, 5 and 5a (in the table above). So, in order to put things right, for each of those loans QuickQuid should:

- refund any interest and charges applied to the loans (2, 3, 3a, 5, 5a)
- 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\*
- remove any adverse information recorded on Mr D's credit file in relation to the loans.

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

### **my final decision**

My final decision is that I uphold Mr D's complaint in part. I require CashEuroNet UK LLC to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 18 August 2019.

Karen Wharton  
**ombudsman**