

complaint

Mr F complains that CashEuroNet UK LLC (trading as Quick Quid) gave him short-term loans which were unaffordable.

background

Mr F took 11 loans with Quick Quid over an 18 month period as follows:

Loan	Date	Loan amount (£)	Rollover date(s)	Repaid date
1	19/04/2012	400	27/04/2012	28/05/2012
2	04/06/2012	1500	27/06/2012	27/07/2012
3	01/08/2012	1500		28/08/2012
4	03/09/2012	1500		28/09/2012
5	17/12/2012	1500		02/01/2013
6	06/04/2013	1500	10/5/2012	14/06/2013
7	17/06/2013	1500		27/06/2013
8	18/07/2013	950		19/07/2013
9	31/07/2013	1500	30/08/2013	05/09/2013
10	20/09/2013	500		28/09/2013
11	29/09/2013	1500	31/10/2013 & 29/11/2013 & 24/12/2013	

Quick Quid initially offered to refund the charges and interest on loans four, seven and eleven – totalling £1,989.75. And it said it would remove these loans from Mr F's credit file. This service told Mr F about the offer but he didn't accept it.

So one of our adjudicators looked at Mr F's complaint. He thought that Quick had done enough checks on loan one. But he didn't think that Quick Quid had done sufficient checks on any of following ten loans it gave Mr F. He said that the size of the loans at this stage should've prompted Quick Quid to have undertaken much more in-depth checks – such as checking Mr F's bank statements. And if it had it would've seen Mr F didn't have enough disposable income to meet the loan repayments including interest. So he largely upheld Mr F's complaint. And he recommended that Quick Quid should refund the interest and charges Mr F paid from loan two onwards plus 8% interest. And that any adverse information recorded by Quick Quid on Mr F's credit file regarding these loans should be removed. But he also said that Quick Quid could deduct any outstanding capital balance from the amount it needed to pay Mr F.

Quick Quid responded to the adjudicator and ultimately offered to increase the refund of charges and interest to £3,069.74 – but this didn't include the charges and interest on all the loans the adjudicator thought Quick Quid should refund. And it confirmed that the refunded loans would be removed from Mr F's credit file. Mr F didn't accept the increased offer either. And our adjudicator still thought fair compensation included all the loans from loan two onwards.

So the complaint has come to me to reach a final 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. I've also taken into account the law, any relevant regulatory rules and good industry practice at the time the loans were offered.

Quick Quid was required to lend responsibly. It needed to make checks to see whether Mr F could afford to pay back each loan before it lent to him. Those checks needed to be proportionate to things like the amount Mr F had to pay back each month (including the interest payable), what information Quick Quid had about Mr F and his lending history with it. But there was no set list of checks it had to do.

Quick Quid says that it performed various checks before agreeing to lend to Mr F. And it has shown us its records which suggest it carried out some checks. But Quick Quid no longer holds all the results of those checks.

So I've considered what checks have been done and when they were done to see if these were sufficient in the circumstances. And if the checks weren't sufficient, I've considered what more detailed checks might have shown and whether these should've led Quick Quid to decide the borrowing Mr F was requesting was unaffordable.

loan one

With the first loan – taken in April 2012, Mr F requested £400. And Quick Quid's records indicate that Mr F told it that he was employed and receiving a regular monthly income of £5,500 per month. Quick Quid has also shown us its records which indicate it also undertook a credit search - although it hasn't provided a copy of the credit search results it got at the time. But bearing in mind what Mr F told Quick Quid at the time and that this was the first loan he had requested from it, there probably wasn't enough in the credit search results or his circumstances to concern Quick Quid at this time. So I think Quick Quid's checks for this loan were proportionate.

Taking all the above into account, I don't think Quick Quid did anything wrong in relation to this loan. So I'm not upholding Mr F's complaint about this loan.

loan two onwards

Mr F applied for a second loan from Quick Quid in June 2012 – just after the first loan had been repaid following repayment having been rolled over i.e. Mr F deferred repayment of the loan and incurred further interest. I can see that Mr F told Quick Quid that his income was now £5,200. But I can't see that it did any further checks for this loan. Yet this loan was for over three times as much as he had borrowed before - £1,500. And the amount he had to repay was £1,875. So although this was the second loan Mr F had approached Quick Quid for, given the size of the loan and that the repayment including interest was over a third of his stated income. I think it would've been reasonable for Quick Quid to have undertaken much more thorough checks. Not only do I think Quick Quid should've been asking Mr F about his regular and short-term commitments, I think it would've been reasonable for Quick Quid to have verified any information Mr F provided – for example, by reviewing his bank statements. And I can't see that it did. So I don't think the checks Quick Quid did on this loan were proportionate.

Mr F went on to take another nine loans from Quick Quid and there is no sign of any significant breaks in the lending. And all the loans apart from loan eight and ten were for £1,500. Although I can see that Quick Quid asked Mr F to confirm his income on two further occasions and it's shown that it did credit checks on some of the loans, I don't think these checks went far enough. For the same reasons and as mentioned above, by this point I don't think it was sufficient to rely on information about Mr F's income. And a credit check wouldn't have shown all of Mr F's outgoings and financial commitments. As mentioned above, I think that by this stage Quick Quid should've been verifying Mr F's financial situation. So I don't think Quick Quid did proportionate checks on any of these other loans either.

But this on its own doesn't mean that Mr F's complaint about loans two to eleven should be upheld. I now need to consider what Quick Quid would've found out had it made more thorough checks. And whether this information would've led it to think the loans were unaffordable.

As proportionate and sufficient checks don't appear to have been carried out, I can't say for sure what these checks would've shown. But Mr F has provided us with evidence of his financial circumstances at the time he applied for these loans – bank statements and his credit file. And he's told us about his financial circumstances at the time. So I've been able to get a picture of what his financial circumstances were like. Of course I accept that this isn't perfect as different checks show different things. And just because something shows up in the information Mr F has provided now doesn't mean that it would've shown up in any checks that Quick Quid might've carried out. But the information Mr F has provided is the best indication I have of what his financial circumstances were like at the time of the respective applications. And in the absence of anything else I think it's perfectly reasonable to rely on it.

I've carefully looked through everything Mr F has provided and I've also thought about everything both parties have said. Having done so, I don't think Mr F had the capacity to take on any of the borrowing from loan two onwards.

When Mr F asked for loan two I can see that his income from was slightly less than he'd declared - £4,989 per month. And I understand Mr F was working on a short-term contract rather than being full time employed. Although, he was also receiving rental income from two properties of around £1,200 per month. But Mr F's monthly living expenses (including rental costs, mortgage payments, utilities, transport and food and other monthly living expenses) totalled around £4,400 and he was making regular monthly payments to loans and credit cards of around £1,100. And he made payments to other short-term lenders during the time the loan with Quick Quid was required to be repaid. And the repayments for these took up a large chunk of the disposable income Mr F had after he paid all his other commitments - to the extent that he wouldn't have had sufficient disposable income left to meet the repayment on the loan he'd requested from Quick Quid. And I can see that Mr F needed to rollover repayment of this loan too. Mr F's statements also show he was gambling heavily too. And from what I've seen from Mr F's credit report, he had a delinquent loan – a loan he was no longer repaying within the agreed terms, and one of his mortgages was in arrears. If Quick Quid had verified Mr F's financial situation, I think it's likely that it would've found out about some (if not all) of this and I don't think it would've agreed to this loan.

And Mr F borrowed the next loan just days after he'd repaid the previous loan. I can see that Mr F's income was now around £5,500. But his monthly income was going on his regular monthly living expenses and existing credit commitments (including several short-term loans). And there continued to be numerous gambling transactions too. I think that this information in itself would've been a reason for Quick Quid to conclude that - as a responsible lender - it shouldn't have provided any further loans to Mr F. But those aside, I'm not satisfied that Mr F had enough disposable income to repay his loans in any event.

From what I've seen Mr F looks to have been reliant on short-term lending and other forms of unsustainable income to meet his day to day commitments and repay similar loans with other lenders. And this continued throughout the period of time I'm looking at. If Quick Quid had seen all of this – as it would've done if it did the level of checks I think it would've been proportionate to do – it would've realised that it was unlikely to receive the payments Mr F was committing to make without it adversely impacting on his financial position. And it wouldn't have given Mr F these loans.

Overall, this means I think that not only did Quick Quid fail to carry out proportionate and sufficient checks before giving Mr F loan two onwards. But that Mr F also lost out as a result of this.

putting things right

I don't think that Quick Quid should've agreed to lend to Mr F from loan two onwards. So it should:

1. Refund all interest and charges Mr F paid from loan two onwards (including on the rollovers);
2. Pay interest at 8% simple per year on any refund from the date of payment to the date of settlement*;
3. If Mr F owes Quick Quid an outstanding capital balance, Quick Quid can deduct the outstanding amount from the what it needs to pay Mr F;
4. Remove any adverse information about these loans from Mr F's credit file.

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

my final decision

My final decision is that I largely uphold Mr F's complaint. To settle the complaint Casheuronet UK LLC trading as Quick Quid should pay Mr F compensation as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 15 June 2017.

Sandra Greene
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