

## **complaint**

Mr S complains that CashEuroNet UK LLC (trading as Quick Quid) was irresponsible when it provided loans to him.

## **background**

Since 2012 Mr S has taken 18 payday loans and a flex credit loan with Quick Quid. Earlier this year he complained to it about the loans. It didn't agree it had done anything wrong but offered him £250 as a gesture of good will. Mr S didn't accept the offer and brought his complaint to this Service.

One of our adjudicators has already looked into Mr S's complaint. She thought that apart from the first two payday loans, Quick Quid shouldn't have provided Mr S with the loans it did. So she recommended that it should pay Mr S some compensation and remove the adverse entries about the loans from Mr S's credit file.

Quick Quid didn't agree with our adjudicator and asked to see Mr S's bank statements. Mr S didn't agree for those to be disclosed to Quick Quid. It has told us that in those circumstances it doesn't have anything more to add. So the case has come to me for a final decision.

This is the final stage of our process. If Mr S accepts my decision CashEuroNet UK LLC will be legally bound by it.

## **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.

Mr S began borrowing from Quick Quid in April 2012. Quick Quid was required to lend responsibly. This included making checks to see whether Mr S could afford to pay back each loan before it lent to him. There's no set list of what a lender should do to check affordability in every case. But checks should be proportionate to things like the size of the loan, the repayments, what the lender knows about the consumer and what the consumer tells the lender about their circumstances.

Quick Quid tells us that it conducted a credit assessment each time it lent to Mr S. This included carrying out credit checks and assessing other known information including Mr S's loan repayment history. Before 2014 it seems Quick Quid didn't obtain details of a consumer's expenditure.

These are the loans Mr S took with Quick Quid:

pay day loans	date taken	principal amount	date repaid
<b>loan 1</b>	20/04/12	£100.00	30/04/12
<b>loan 2</b>	12/07/12	£200.00	31/07/12
<b>loan 3</b>	28/10/12	£100.00	
top up	16/11/12	£150.00	02/01/13
<b>loan 4</b>	31/01/13	£100.00	
top up	20/02/16	£100.00	26/02/13
<b>loan 5</b>	01/03/13	£250.00	14/03/13
<b>loan 6</b>	28/03/13	£300.00	
top up	07/05/13	£250.00	
top up	14/05/13	£75.00	
top up	15/05/13	£125.00	31/05/13
<b>loan 7</b>	02/06/13	£700.00	24/06/13
<b>loan 8</b>	26/07/13	£400.00	31/07/13

<b>loan 9</b>	05/12/14	£400.00	23/12/14
<b>loan 10</b>	09/01/15	£350.00	
top up	16/01/15	£50.00	31/01/15
<b>loan 11</b>	21/05/15	£300.00	
top up	27/05/15	£100.00	
top up	02/06/15	£200.00	02/06/15
<b>loan 12</b>	12/06/15	£850.00	
top up	13/06/15	£100.00	
top up	14/06/15	£150.00	24/07/15
<b>loan 13</b>	08/08/15	£400.00	
top up	11/08/15	£150.00	
top up	12/08/15	£125.00	
top up	14/08/15	£125.00	24/08/15
<b>loan 14</b>	25/08/15	£600.00	
top up	04/09/15	£250.00	
top up	05/09/15	£350.00	
top up	02/10/15	£300.00	23/10/15
<b>loan 15</b>	14/11/15	£250.00	
top up	17/11/15	£200.00	
top up	20/11/15	£100.00	24/11/15
<b>loan 16</b>	26/11/15	£400.00	
top up	04/12/15	£250.00	
top up	09/12/15	£300.00	02/02/16
<b>loan 17</b>	13/05/16	£600.00	
top up	18/05/16	£200.00	20/05/16
<b>loan 18</b>	31/05/16	£350.00	
top up	03/06/16	£200.00	
top up	08/06/16	£200.00	
top up	10/06/16	£175.00	12/06/16

Quick Quid says that Mr S only topped up one of his loans. But having looked at the statement of account it has provided I'm satisfied that there were a number of tops ups as outlined in the table.

Between loans 8 and 9 Mr S took a flex credit loan with Quick Quid. He was provided with credit limit of up to £1,050 which meant that he could draw down any amount of principal up to that limit and was required to make payments of interest and capital each month. Between August 2013 and November 2014 Mr S drew down principal amounts on 21 occasions. They ranged between £50 and £1,050.

### **payday loans 1 to 8**

Quick Quid tells us that it obtained details of Mr S's income when he borrowed from it in April 2012. It seems his declared income was £1,650. Quick Quid also says that it carried out credit checks each time he borrowed. It's not able to provide us with the results of the checks it did before 2016 so I don't know what it saw on his credit file.

Mr S's first loan was for £100 which he had to repay, together with £25 of interest. Although I don't know what the result of the credit check showed I don't think I can safely say that Quick Quid failed to make proportionate checks at this stage. So I don't think it was irresponsible when it provided loan 1 to Mr S.

I accept that loan 2 was for double the amount Mr S borrowed in April. But there was a gap of around ten weeks between Mr S repaying loan 1 and taking loan 2. And he'd repaid that first loan within the agreed timeframe. Quick Quid has shown us it did a credit check but can't show us the result. And it seems it relied on Mr S's declared income as with loan 1. On balance – given what Quick Quid says it did and that it now could look back on Mr S's repayment history with loan 1, I think it probably did enough to check that Mr S would be able to repay loan 2.

So I don't uphold Mr S's complaint about loans 1 and 2.

When Mr S applied for loans 3 onwards a pattern was emerging. And I think Quick Quid should've made more checks than it appears to have done. In particular I think it should've asked about Mr S's normal living expenses to try to gauge how much disposable income he would have – from which he'd be able to repay his loan. As it seems Quick Quid did the same checks for all the payday loans Mr S took until December 2014 I'm not satisfied that it did enough when considering the affordability of those loans (loans 3-8). So I've gone on to consider whether they were affordable or not and whether Quick Quid would've realised this - had it done more appropriate checks.

From Mr S's banks statements I can see that his income from his salary was actually a few hundred pounds more than Quick Quid had recorded. But nevertheless he was often around £3,000 overdrawn and was regularly paying around £40 in interest for using his overdraft. I accept that running an account in overdraft doesn't necessarily mean that a consumer is having some financial problems. But there were other indicators that Mr S was having some difficulties. He was by now also taking a number of short term loans from other providers. For example I can see that in the three months before loan 3 Mr S took 14 separate advances from another provider totalling more than £1,400. Those also had to be repaid together with interest. He had other credit facilities including two longer term loans he was repaying at almost £400 per month.

If Quick Quid had done more checks at this time it would've realised that the loans Mr S took from October 2012 weren't affordable in a sustainable way - in other words without him having to resort to further borrowing to repay his credit commitments. So I uphold Mr S's complaint about all the loans he took between October 2012 and July 2013 (loans 3 to 8)

### **flex credit loan**

Mr S changed his pattern of borrowing in August 2013. The amount of credit which Quick Quid made available was relatively high - £1,050. The highest single amount Mr S had borrowed from Quick Quid before then had been £700 (loan 7).

However the terms of the flex credit meant that it didn't all have to be repaid within the following month – as with the payday loans. I've seen a copy of the credit agreement for this loan. It sets out a hypothetical repayment schedule based on Mr S drawing down the maximum credit of £1,050. Although the repayments varied, in the first few months the repayments were more than £300. And those were based on Mr S not drawing down further amounts. And Quick Quid says it understood Mr S's income at this time was still around £1,650. But it didn't have details of his outgoings.

Although a different style of credit, the obligations on Quick Quid were the same as before. By this point Mr S had regularly borrowed in the form of payday loans from Quick Quid. In May, June and July he'd borrowed £750, £700 and £400. Now Quick Quid was giving him the opportunity to draw down up to £1,050. I acknowledge that the hypothetical repayment plan suggested that the highest repayment would be around £330. But that was based on him withdrawing the maximum - once at the start - and making repayments over the following 10 months. Given his previous history - which included topping up some of his loans in the same month they were taken, I don't think it wasn't realistic to think that Mr S wouldn't draw down again before the loan was repaid.

In these circumstances Quick Quid didn't do enough to check that this new style of borrowing could be repaid in a sustainable way. And so I've again looked at whether, if it had carried out proportionate checks, Quick Quid would've seen that Mr S would be able to afford (or not) even the hypothetical repayment schedule.

I've carefully reviewed Mr S's banks statements. Again his salary appears to have been more than Quick Quid had recorded but it did vary from month to month. But Mr S was also relying heavily on short term loans from a number of other lenders. In June for example I can see that he borrowed two sums from other lenders just before he made a repayment on loan 7 to Quick Quid. I think if Quick Quid had made more enquiries it would've seen that Mr S was borrowing from elsewhere to repay his debts – so his borrowing wasn't sustainable.

Not only was Mr S borrowing heavily from other payday lenders I can see what appear to be a substantial number of gambling transactions. And I think this is information which Quick Quid would've discovered if it had made proportionate checks. A close assessment of Mr S's credit file, or his bank statements, would have shown his reliance on short term lending to meet his normal living costs and loan repayments. But it seems that Quick Quid doesn't appear to have done any more than when Mr S first began borrowing from it – more than 12 months earlier. And so I think it was irresponsible to open this line of credit to Mr S. And I uphold his complaint about the flex credit loan provided to him in August 2013

## **payday loans 9 to 18**

The flex credit agreement came to an end in November 2014. Mr S drew down principal very regularly from July 2014 – 18 times in five months. But within a week of that agreement ending, Mr S took another payday loan – this time for £400.

Quick Quid says it established that Mr S's income had now increased to £2,050. It also made enquiries about his expenses which totalled around £975 – suggesting a disposable income of around £1,100. It hasn't shown us the results of the credit checks. But given the history of Mr S's borrowing pattern I don't think that simply relying on what he was telling Quick Quid was enough. As with the flex credit loans, I think Quick Quid should've suspected that the information Mr S was giving was incomplete. So it should've undertaken checks to verify it. And from what I can see of his statements the situation was similar to what it had been in August 2013. Mr S's salary varied, he was usually several thousand pounds overdrawn and there appears to be a substantial number of gambling transactions which seem to have been funded by short term lending. I can also see that there were occasions when Mr S borrowed from a number of short term lenders – apparently to avoid going over his overdraft limit – which appears to have been £3,000.

I'm not persuaded that loan 9 or any of those loans which followed should've been provided. I think if Quick Quid had enquired more deeply to assure itself it was being responsible it wouldn't have granted those loans. A very clear example of Quick Quid's failure to act responsibly was in months such as June and August 2015 when it lent Mr S sums – which, even without interest, meant Mr S would have to repay more than the disposable income Quick Quid had calculated he had available.

In summary I uphold Mr S's complaint about all the loans he took from Quick Quid except for loans 1 and 2. I'd like to assure Quick Quid that I have considered all the points it's made. In particular, I don't agree with Quick Quid that factors such as Mr S not being required to pay late fees or that he repaid some loans early meant that he could afford the loans. If it had been responsible and looked more deeply Quick Quid would've seen Mr S was often borrowing to manage his debt. I also don't agree with Quick Quid's argument that with the payday loans, the highest interest amount he was due to pay was only 13% of Mr S's stated income meant that they were affordable. The agreements were for him to repay capital and interest – not just interest. I've considered the gaps between borrowing but the pattern and sums involved should've alerted Quick Quid to ask more questions. And finally, I think that Quick Quid's offer of £250 to Mr S to resolve the complaint wasn't a reasonable one in the circumstances of this case.

## **putting things right**

I require CashEuroNet UK LLC trading as Quick Quid to:

- refund to Mr S all interest and charges he paid in respect of all the advances it made to him from October 2012: and
- to each of those sums it must add 8%\* simple interest a year, from the date Mr S paid them or they were deducted from the amount of the principal advanced, to the date the refund is paid to Mr S: and
- remove any adverse entries relating to the credit provided by Quick Quid - which I'm upholding - from Mr S's credit file.

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

**my final decision**

For the reasons above I uphold Mr S's complaint in part and I require CashEuroNet UK LLC to put things right as outlined.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 5 January 2017.

EJ Forbes  
**ombudsman**