

## **complaint**

Mr H complains that Casheuronet UK LLC (trading as Quick Quid) lent to him irresponsibly.

## **background**

Mr H took a number of loans with Quick Quid between December 2010 and August 2013. He says that, at the time, he was in serious financial difficulty and borrowing from multiple other short-term lenders as well. He considers that Quick Quid did not make proper checks before lending to him, and says that this caused his financial position to become even worse and affected his health.

Quick Quid said that it had assessed affordability of the loans before lending and that it had kept to legal and regulatory standards. It did not accept that there had been any signs of loan dependency in Mr H's applications.

As things were not settled, Mr H brought his complaint to this service where an adjudicator investigated it. From the available evidence, the adjudicator considered that it should have become apparent to Quick Quid by July 2011 that Mr H was becoming dependent on the loans – and that further affordability checks should have been made from that point. The adjudicator concluded that, had this been done, the applications from that point would not have succeeded.

To settle the complaint, the adjudicator recommended that Quick Quid should refund all interest and charges applied from 1 October 2011 onwards, together with interest on that money. Mr H said he felt that was fair. Quick Quid did not agree and said, in summary:

- Mr H's credit limit was increased from £650 to £1,050 in January 2014 – credit checks were made, and this also took account of an increase in Mr H's monthly income from £1,000 to £1,600.
- Mr H repaid £1,256.32 in May 2014.
- Whilst Quick Quid does take account of whether or not Mr H had loans from other payday lenders, that would not make him ineligible to borrow from Quick Quid.
- Mr H only incurred two late fees during the time he borrowed from it. There were also two significant lending gaps during that time, indicating that he was not dependent on loans.
- It ran credit checks each time there was a loan, either on the same day as the loan was requested or the week before.

After reviewing the information provided by the parties, I arrived at substantially the same conclusions as had the adjudicator but found that the redress should be extended to include the July 2011 loan.

I issued my provisional decision to the parties on 28 September 2016, giving them a further month in which to make any final representations. These are the provisional findings that I set out to the parties:

There have been some changes in the rules and guidance that apply to short-term lending, during the period over which Mr H borrowed from Quick Quid. In each case, I have taken account of the rules applying at the time the loan was made.

Mr H took fourteen loans with Quick Quid, over a period of around 33 months. All but the final loan was a short-term loan. The first loan was for £150, which Mr H repaid apparently without difficulty. He applied for a loan of £200 less than a week later, though that was on 29 December – often a difficult time for cash flow – and so I'm not persuaded that this very quick and larger second application should necessarily have indicated to Quick Quid that Mr H was in difficulties.

Mr H then did not apply again until 7 March 2011 – for a smaller loan of £50. He paid that off and applied for £200 on 4 April. There was then a gap until 1 July 2011 when he borrowed £150 – followed by a further £200 on 29 July. This represented a ramping-up of borrowing in both amount and time, and I consider that it should have prompted further checks by Quick Quid.

We have looked at Mr H's bank statements for the relevant period, which show that he was juggling and revolving an increasing number of loans from various lenders in order to avoid defaulting. Even very basic additional checks by Quick Quid would have revealed that, and would have demonstrated that the loans were, in fact, unaffordable for Mr H.

Mr H borrowed a further 7 short-term loans from Quick Quid. His final loan, taken in August 2013, was an instalment loan with a credit line which Mr H could draw down as required. The loan began with a £650 credit limit, but Quick Quid increased the credit limit to £1,050 following what it saw as an increase in Mr H's monthly income. Mr H utilised the additional credit.

Mr H was earning a modest monthly salary, which fluctuated somewhat when he was able to work overtime. The apparent large increase in monthly income on which Quick Quid based its decision to make a substantial increase in Mr H's J credit limit in January 2014 was, in fact, simply a one-off figure which reflected his annual staff bonus.

Taking everything into account, I find that Quick Quid did not make a reasonable assessment of affordability in respect of the 29 July 2011 loan. Had Quick Quid taken greater care, then I consider it would have become aware at that point of Mr H's precarious financial situation and would not have lent him that loan or the loans that followed. I am satisfied that none of the loans that followed were affordable for Mr H.

Given that, whilst I broadly agree with the conclusions reached by the adjudicator I consider the refund of interest and charges should, properly, include those incurred on the loan made on 29 July 2011.

I also consider that it is more appropriate for Quick Quid to remove only *adverse* information it has registered about the loans made from 29 July – rather than *any* information registered about them.

Following receipt of my provisional decision, Quick Quid made some final points – which I summarise:

- It can see that Mr H made a significant number of gambling transactions on his bank account. In the circumstances, it feels that Mr H should be held accountable for his failure to tell Quick Quid about his gambling, any potential gambling addiction and any financial struggles.
- Quick Quid was not required to look at Mr H's bank statements as part of its lending assessment, although it accepts that this is something that can be used as part of the decision process.
- If Quick Quid had known about Mr H's true financial circumstances, it would not have lent to him.
- If Mr H had used the money he spent on gambling to fund his essential expenses he would have been in a better financial situation. It could be said that the gambling, rather than the loans, caused his financial problems.

### **my findings**

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

The final points made by Quick Quid do not, in my opinion, add materially to what it had already said. The key point that I made in my provisional decision is that the overall warning signs, which should have been apparent to Quick Quid from the July 2011 application onwards, were such that it should have made some simple additional checks before lending any further money to Mr H.

If it had done so, it would immediately have become aware that Mr H was in significant financial difficulty and could not afford to borrow any more money. By Quick Quid's own account, it would not have lent to him if it had known that. The factors that had contributed to Mr H's financial difficulties do not make any difference to that.

I am not minded to alter the findings of my provisional decision – which I now confirm, and which are reflected in my award.

**my final decision**

My final decision is that I uphold this complaint in part and I direct Casheuronet UK LLC (trading as Quick Quid) to:

- refund to Mr H all the interest and charges that he has paid on the loans taken on 29 July 2011 onwards; and
- pay Mr H simple interest at 8% a year on those amounts, calculated from the dates of payment to the date of settlement; and
- remove any adverse credit reference information that it has registered on Mr H's credit file about the loans given on 29 July 2011 onwards.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 8 December 2016.

Jane Hingston  
**ombudsman**