

## **complaint**

Mr K has complained about short-term loans and a flexi-credit loan granted to him by CashEuroNet UK LLC trading as Quick Quid (Quick Quid).

## **background**

Quick Quid agreed three short-term loans for Mr K between February 2013 and May 2013. It also opened a flexi-credit loan for him with a £900 limit in July. Mr K says all the loans were unaffordable for him. And that Quick Quid would've known this and shouldn't have lent to him.

One of our adjudicators has looked into Mr K's complaint already. She thought that Mr K's complaint should be partially upheld. She recommended that Quick Quid should refund the charges and interest Mr K paid for the second and third short-term loans and the flexi-credit loan. And that any negative information recorded on Mr K's credit file by Quick Quid about these loans should be removed. Quick Quid did not agree with this recommendation so the complaint has come to me for 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 K could afford to pay back each loan before it lent to him. Those checks needed to be proportionate to things like the amount Mr K was borrowing and what information Quick Quid had about Mr K. But there was no set list of checks it had to do.

Quick Quid says that it performed various checks before agreeing to lend each time to Mr K. And it says that it asked him how much he earned each month. Quick Quid has shown us its records that suggest it carried some checks before it agreed to lend to Mr K. But Quick Quid no longer holds the results of those checks. Clearly, performing checks in itself isn't enough – a lender also needs to react appropriately to what those checks show. This might necessitate further investigations or a decision to not lend at all. So by being unable to show me the results of the checks that were performed – I cannot be sure that the checks Quick Quid did, or its response to the results, were enough.

So I've gone on to consider what these checks might have shown, and whether these should've led Quick Quid to decide the borrowing Mr K was requesting was unaffordable.

With the first loan, the amount Mr K was asking to borrow (£250) wasn't particularly large - when compared to his declared net income of £1,600 per month. And from what I've seen I think Quick Quid did a credit check. And it seems Mr K told Quick Quid that he was employed and receiving a regular monthly income. Bearing in mind this was the first loan Mr K had requested from Quick Quid and the information provided by him, there probably wasn't enough at this stage to concern Quick Quid. So I think Quick Quid did enough proportionate checks on this loan.

But the second and third loans – requested in consecutive months following the first loan, were for double the amount (£500) – and Mr K repaid the second loan late. And having looked at Mr K's credit file, I can see that he had been borrowing from another lender and he had mortgage arrears. So I think the information that Quid Quick would've seen from the credit searches it says it undertook at the time should've led it to make some further checks – particularly as these loan amounts were much higher than the first, to make sure Mr K could afford to repay these loans.

So I have looked at Mr K's bank statements from around the time he took the second loan. From these I can see that he had been receiving job seekers allowance and he was borrowing from another lender. And it looks as though he needed to borrow this money to meet his other commitments. So I don't think that any additional lending would've been affordable for Mr K and so Quick Quid shouldn't have lent him these two loans.

From Quick Quid's records it doesn't seem that it did a new credit check when Mr K asked for flexi-credit loan in July 2013. And the amount that Mr K was asking to borrow was much higher than before (£900). While repayments to this loan could've been spread over a period of time, it was the fourth loan Mr K had requested from Quid Quick within six months. And given what Quick Quid would've known about Mr K by this time, I don't think that Quick Quid carried out proportionate checks to decide if the borrowing was affordable to Mr K at this point.

So I've considered Mr K's financial situation at this time too. And while it appears that Mr K was now working, it seems Mr K continued to struggle to make repayments to his mortgage and he had other loans outstanding. So I don't think he should've been granted this loan either as it wasn't affordable to him.

It follows therefore that I uphold Mr K's complaint in part. Quick Quid needs to pay him some compensation.

### **putting things right**

I don't think that Quick Quid should've agreed to give Mr K the second and third short-term loans or the flexi-credit loan. So, for these loans, CashEuroNet should:

- refund Mr K with the interest and charges applied to them;
- 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 K's credit file in relation to the loans I am asking to be refunded.

\*HM Revenue & Customs requires CashEuroNet to take off tax from this interest. CashEuroNet must give Mr K 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 K's complaint in part and direct by CashEuroNet UK LLC to pay him fair compensation as detailed above.

I make no other award against by CashEuroNet UK LLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 9 December 2016.

Sandra Greene  
**ombudsman**