

## **complaint**

Mr T complains that CashEuroNet UK LLC (trading as QuickQuid.co.uk) did not do enough affordability checks before lending him money.

## **background**

Mr T took out a £400 loan with QuickQuid on 10 August 2015. It was to be repaid over three months, with the final instalment of £496 due on 30 Oct 2015. Mr T made all the payments on time.

Mr T says the repayments weren't affordable to him and QuickQuid's checks didn't go far enough.

QuickQuid says it carried out credit checks and asked Mr T about his income and expenditure before it approved the loan. It said that as the loan was to be repaid over three months, Mr T had three pay cycles in which to cure the debt.

Our adjudicator recommended the complaint should be upheld. He wasn't satisfied that QuickQuid's checks went far enough as the maximum instalment was a large proportion of Mr T's declared income. However, as Mr T had declared his monthly disposable income to be £400, and he needed to repay almost £500 in one month, our adjudicator found QuickQuid should have found the loan unaffordable based on the information it already had. He said QuickQuid should refund interest and charges on the loan (plus 8% statutory interest) and remove any associated negative information from his credit file.

QuickQuid responded to say, in summary, that its affordability checks were in line with the Financial Conduct Authority's (FCA) guidelines and that the loan met its internal criteria.

## **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 was required to lend responsibly. It should have made checks to make sure Mr T could afford to repay the loans before it lent to him. Those checks needed to be proportionate to things such as the amount Mr T was borrowing, and his lending history. But there was no set list of checks QuickQuid had to do.

When Mr T applied for a £400 loan in August 2015, he also told QuickQuid his monthly income was £1,250 and his monthly expenditure was £850. He needed to repay the money in three instalments – the first two repayments were purely interest and the last one included the repayment of the capital. The final scheduled repayment, at £496, was a large proportion of Mr T's income, so I consider a proportionate check should have included asking him about his expenditure, including other short-term loans.

I can see QuickQuid asked Mr T about his regular expenditure, and even before any short-term loans were taken into account, he was only left with £400 of disposable income each month. Based on this information alone, I consider QuickQuid was irresponsible to approve a loan where one of the monthly instalments was higher than Mr T's self-declared monthly disposable income.

I acknowledge QuickQuid says Mr T had three pay cycles with which to repay the loan and that its affordability checks were in line with the FCA's guidelines, but I must also take into account what is fair and reasonable in all the circumstances of the complaint. QuickQuid says it verified the information provided by Mr T and actually estimated his disposable income to be around £334 per month. This meant Mr T would have been £162 short of the amount needed to make the final payment, without taking into account any unforeseen expenses. Given the nature of short-term loans I don't consider it reasonable for QuickQuid to include disposable income from previous months in its affordability calculations.

So, in summary, I find the loan was unaffordable to Mr T.

### **my final decision**

My decision is that I uphold this complaint. CashEuroNet UK LLC (trading as QuickQuid.co.uk) should:

- Refund all interest and charges that Mr T paid on the loan;
- Pay interest of 8% simple a year on all refunds from the date of payment to the date of settlement\*;
- Remove any negative information about the loan from Mr T's credit file.

\*HM Revenue & Customs requires QuickQuid to take off tax from this interest. QuickQuid must give Mr T a certificate showing how much tax it's taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 20 July 2018.

Amanda Williams  
**ombudsman**