Financial Ombudsman Service

complaint

Miss L has complained about short-term loans granted to her by CashEuroNet UK LLC trading as Quick Quid ("Quick Quid" or "the lender").

background

I set out the circumstances leading to this complaint and my initial conclusions in a provisional decision to both parties in November 2018. I have included a copy of my provisional decision as part of this final decision.

To summarise, Quick Quid agreed three loans for Miss L – two in September 2017 and one that December. The loans were for total amounts of £400, £800 and £650 and were of varying terms.

Miss L says that Quick Quid was irresponsible to lend to her because it should have realised from the number of times she borrowed that she had debt problems, which were worsening. She says that her credit report would have shown the extent of her existing debt, including late payments and defaults.

Quick Quid disagrees that it was irresponsible to lend to Miss L as it says it carried out appropriate and proportionate affordability assessments. Furthermore it argued that it wasn't wrong to have lent to Miss L because all of its loans agreed after 1 March 2015 were responsibly lent as it was fully authorised by the Financial Conduct Authority (FCA) by that point.

my provisional decision

I provisionally concluded that:

- I could not automatically reject Miss L's complaint about her loans solely on the basis of Quick Quid's FCA authorisation. I said that

> *"It doesn't follow that a firm cannot have treated any consumer unfairly simply because it has been authorised and is regulated by the FCA. This assumes that an authorised firm's regulated activities are always implemented in a way that results in fair outcomes for all consumers. This is not the case, as the experience of this Service bears out.[1]"*
>
> *"…the FCA is not prescriptive about how the relevant rules and guidance set out in* [the Consumer Credit Handbook] *CONC should be implemented, specifically CONC does not set out how a lender ought to go about its affordability assessment … And so I cannot pre-judge Miss L's complaint about irresponsible lending on the basis that the affordability check Quick Quid carried out was the right thing to do in her case."*
>
> *"… there are also other considerations which this Service is required to take into account when making determinations on complaints. As the FCA Handbook sets out in the rules and guidance relevant to dispute handing:*

[1] http://www.ombudsman-complaints-data.org.uk

> *"The Ombudsman will determine a complaint by reference to what is, in his opinion, fair and reasonable in all the circumstances of the case." (DISP 3.6.1R)*

> *…So, I am required to consider more than the rules and guidance set out by the regulators in making my determination on a complaint. And so I would not be acting in accordance with my statutory role if I only considered the extent to which Quick Quid complied with rules and guidance set out by the FCA in my determination."*

- Quick Quid didn't carry out proportionate checks when Miss L applied for her second and third loans. Given the circumstances of the loans and what it ought to have known of her credit commitments from the credit check, Quick Quid should have gathered more information about Miss L's circumstances before agreeing to lend to her. And, had it done so, it would likely have learnt that these two loans were unaffordable for her and would not have agreed to them. So it was irresponsible to have lent in these instances.

Quick Quid's response to my provisional decision

Quick Quid did not agree with my provisional decision. In its response, it didn't comment on my conclusion that being regulated by the FCA was not a guarantee that all of its loans agreed after 1 March 2015 were responsibly lent. I assume from this that the lender has accepted my explanation and this point is no longer in dispute.

Quick Quid did provide some further information for me to consider, including more detail about its lending process. Quick Quid said that its lending process included a customer declaration that acknowledged when a loan repayment was greater than the customer's estimated disposable income, along with a suggestion that they save to meet the repayment.

Quick Quid said in relation to Miss L's third loan that:

"Miss [L] *was set to receive both her December and January wages within the loan term, which would have allowed her additional disposable income to account for the repayment that was scheduled on 26/01/2018."*

And Quick Quid provided more figures specific to Miss L's case, in particular what it calls 'CRA validated' figures for Miss L's stated 'other credit commitments'. It said it checked the figures Miss L provided at the time of lending for her credit commitments and increased these where the Credit Reference Agency (CRA) report contained a higher figure. It also provided a monthly 'Estimated Disposable Income' figure for loan 3. The table below summarises some of this new information.

Loan number	Stated 'other credit commitments'	CRA-validated figure	Total cost of loan	Loan term in months	Loan cost % of EDI	Monthly EDI
1	£450	£450				
2	£450	£450				
3	£450	£1,621	£216.40	1.4	16%	£993

my findings

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint, including responses to my provisional decision. As before, I have also taken into account the law, any relevant regulatory rules and good industry practice at the time.

I appreciate that this is going to be disappointing for Quick Quid but having carefully considered what it has said in response to my provisional decision, I am still of the view that it should not have agreed Miss L's second or third loans. I will not repeat everything I've said in my provisional decision (this is set out later in this document) but I will respond to its specific objections.

<u>saving to meet repayments</u>

As I explained in my provisional decision, Quick Quid should have gathered more information and evidence about Miss L's circumstances before agreeing her second or third loans. And, had it done so, it was likely to have found out that after paying her rent and meeting existing credit commitments, Miss L had about £500 left each month to meet normal living costs. I said that:

"Miss L's rent and long term loan commitments came to about £1,575 a month. As mentioned above, I don't know exactly how much Miss L would have spent servicing her credit card debts – a conservative estimate of 2% a month would amount to £700. Including this figure leaves Miss L with a little over £500 out of her normal monthly income to cover any usual living costs such as food, transport and bills."

Miss L's second loan was for £800 and she needed to repay this in three instalments of £256, £186 and £979. Quick Quid says that where the final payment of a loan exceeds the *'validated estimated disposable income'* for that last month, the customer must read and check a box that advises them of the fact that they may need to save income from the previous months in order to have sufficient funds to pay the final payment.

The declaration states:

"By checking this box you acknowledge you can afford to make a repayment of [£X] *on* [date] *and* [£Y] *on* [date]. *You acknowledge that you understand your final repayment is greater than you*[r] *normal disposable income and you may need to save money over the life of the loan in order to make the final repayment out of disposable income."*

Quick Quid hasn't provided a figure for the 'validated estimated disposable income' for Miss L's second loan so I don't know if the final payment for this loan exceeded this amount. Even assuming it did, I don't know the context within which this declaration appeared or how prominent it was. But irrespective of this, advising Miss L that she may need to take some action in order to be able to make a repayment that is more than the money she would usually have available to her does not take away Quick Quid's own responsibility to assess whether or not the loan was going to be sustainably affordable for her.

If Quick Quid felt that in Miss L's case she'd need to take some action to meet her loan repayments as they fell due, this suggests that it understood that there *was* a risk that she would not be able repay her loan the way it was structured unless remedial action was put in place. It then left this to Miss L to address. It didn't, for example, offer to structure the loan repayments to reflect its expectations of Miss L's money management. I note that Miss L took out her second loan the day after she repaid her first, which doesn't suggest to me that she had recourse to spare funds.

I can accept that in some circumstances, where the shortfall in disposable income is small, it might be reasonable to proceed with an application on the basis that the additional cost of the final large loan repayment (balloon payment) could be met without difficulty by some level of surplus or saving from previous months.

But in this case, the total repayments for the loan (£1,421) took up almost all of Miss L's disposable income (after rent and credit repayments) over the loan term, and this is without considering that she had other normal living costs, such as food, to pay over this time. So, foreseeably, Miss L was not likely to be able to repay this loan in a sustainable way, in other words without experiencing financial difficulty. Quick Quid ought to have recognised this and, as a responsible lender, shouldn't have agreed to the loan.

Miss L took out her third loan about two weeks after repaying her second. This was to be repaid after 42 days with a single repayment of £866. Quick Quid says that in this time Miss L would have received two wage packets. Firstly, I don't know the dates Miss L's monthly salary was paid and Quick Quid hasn't provided any supporting information on this point so I've concluded this is an assumption on its part. But, even assuming this was the case, as I've concluded above, I think Miss L had about £500 a month disposable income, once her rent and credit commitments were met. The loan term was 42 days or 1.4 months as Quick Quid calculates it. On a pro-rata basis, one could argue this means Miss L had about £700 disposable income over the term of the loan. This still doesn't render the loan affordable.

This brings me to the new information Quick Quid provided. Firstly, the CRA information it received shows that Miss L's monthly credit commitments had increased considerably by the time she applied for her third loan. Even without knowing this I'd concluded the lender ought to have done more in its assessment before agreeing to this loan. Just taking into account Miss L's salary of £2,800, her rent of over £1,000 plus this new figure of £1,671 for credit commitments and assuming some nominal amount of other normal living costs such as food and transport means Miss L wouldn't have anything left over to meet any level of loan repayment.

<u>estimated disposable income figures</u>

Quick Quid provided a figure of £993 for Miss L's 'Monthly Estimated Disposable Income' around the time of her third loan. It says *"the figures we used took into account the CRA Validated 'Other Credit Commitments figure, Miss* [L]*'s monthly stated income and her monthly expenses/credit commitments she provided at the time of application."*

As set out in my provisional decision, Miss L's stated monthly costs came to £925, which included an amount of £450 for her 'other credit commitments'. Substituting the higher figure of £1,671 for this expense yields a new monthly cost of £2,146. With an income of £2,800, this means a monthly disposable income of £654. I don't know how Quick Quid calculated a higher monthly disposable income and the lender hasn't clarified this, despite my repeated requests for an explanation.

But from what Quick Quid says it seems it continued to rely on what Miss L told it about her expenses when she applied for her third loan. And, as I explained in my provisional decision, it should have gone beyond this reliance at this stage in their lending relationship. And had it done so, it would likely have found out that Miss L's monthly costs were higher, in particular her rent, and would not have agreed to lend to her a third time.

what Quick Quid should do to put things right

I've concluded that Quick Quid was irresponsible to agree Miss L's second and third loans taken out on the 16th of September and the 15th of December 2017 respectively, with additional funds granted on her third loan on the 16th of December.

In order to put Miss L back in the position she would have been in, had it not agreed these, Quick Quid should:

- refund all interest and charges (including late fees and default interest) Miss L paid for these loans;
- pay interest on these refunds at 8% simple* per year from the dates of payment to the dates of settlement;
- remove any adverse information about these loans from her credit file;

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

I understand that there is a balance remaining on Miss L's third loan. Quick Quid should remove any outstanding interest owing from this and if there is a capital balance left when this is done, it can use the above refund to offset this capital balance.

I would remind Quick Quid of its obligation to deal with Miss L fairly and sympathetically in the event that an outstanding capital balance remains after it has offset the above refund. I note that Quick Quid said in its response to this Service that it was willing to set up a feasible payment plan with Miss L for this loan.

my final decision

For the reasons set out here and in my provisional decision, I partially uphold Miss L's complaint and direct CashEuroNet UK LLC trading as Quick Quid to make things right for her as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 16 February 2019.

Michelle Boundy
ombudsman

COPY OF PROVISIONAL DECISION

complaint

Miss L has complained about short-term loans granted to her by CashEuroNet UK LLC trading as Quick Quid ("Quick Quid" or "the lender").

background

Quick Quid agreed three loans for Miss L – two in September 2017 and one that December. The loans were for total amounts of £400, £800 and £650 and were of varying terms. I understand there is an outstanding balance on the last loan.

Miss L says that Quick Quid was irresponsible to lend to her because it should have realised from the number of times she borrowed that she had debt problems, which were worsening. She says that her credit report would have shown the extent of her existing debt, including late payments and defaults.

Quick Quid disagrees that it was irresponsible to lend to Miss L as it says it carried out appropriate and proportionate affordability assessments. The lender said that Miss L had repaid her first two loans early and that three loans in total was a low number to have borrowed and it didn't exhibit financial dependency. It also said that Miss L had never notified it of any financial hardship.

Our adjudicator didn't recommend that Miss L's complaint be upheld. Miss L didn't accept this recommendation and so the case has come to me, as an ombudsman, for a final decision.

my provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I have also taken into account the law, any relevant regulatory rules and good industry practice at the time.

The Financial Conduct Authority (FCA) was the regulator when Quick Quid lent to Miss L. The FCA's Principles for Business ("PRIN") set out the high level standards which all authorised firms are required to comply with. PRIN 2.1.1 R (6) says "*A firm must pay due regard to the interests of its customers and treat them fairly."*

The FCA's Consumer Credit sourcebook (CONC) is the specialist sourcebook for credit-related regulated activities. It sets out the rules and guidance specific to consumer credit providers, such as Quick Quid. At the time, September 2017, these required lenders to take *"reasonable steps to assess the customer's ability to meet repayments under a regulated credit agreement in a sustainable manner without the customer incurring financial difficulties or experiencing significant adverse consequences."* - CONC 5.3.1G(2).

CONC 5.3.1G(6) defined '*sustainable'* as being able to make repayments without undue difficulty. It went on to explain that this means *"the customer should be able to make repayments on time, while meeting other reasonable commitments; and without having to borrow to meet the repayments".*

So – treating customers fairly in the context of providing credit meant assessing their ability to repay the credit in a sustainable way. And how should lenders have gone about making these assessments?

CONC 5.2.3 G said that

"The extent and scope of the creditworthiness assessment or the assessment required … in a given case, should be dependent upon and proportionate to factors which may include one or more of the following:

(1) the type of credit;

(2) the amount of the credit;

(3) the cost of the credit;

(4) the financial position of the customer at the time of seeking the credit;

(5) the customer's credit history, including any indications that the customer is experiencing or has experienced financial difficulties;

(6) the customer's existing financial commitments including any repayments due in respect of other credit agreements, consumer hire agreements, regulated mortgage contracts, payments for rent, council tax, electricity, gas, telecommunications, water and other major outgoings known to the firm;

(7) any future financial commitments of the customer;

(8) any future changes in circumstances which could be reasonably expected to have a significant financial adverse impact on the customer;

(9) the vulnerability of the customer, in particular where the firm understands the customer has some form of mental capacity limitation or reasonably suspects this to be so because the customer displays indications of some form of mental capacity limitation."

CONC 5.2.4G(2) said that

"*A firm should consider what is appropriate in any particular circumstances dependent on, for example, the type and amount of credit being sought and the potential risks to the customer. The risk of credit not being sustainable directly relates to the amount of credit granted and the total charge for credit relative to the customer's financial situation."*

And CONC 5.2.4G(3) said that

"A firm should consider the types and sources of information to use in its … assessment … which may, depending on the circumstances, include some or all of the following:

(a) its record of previous dealings;

(b) evidence of income;

(c) evidence of expenditure;

(d) a credit score;

(e) a credit reference agency report; and

(f) information provided by the customer."

It is important to note here that the FCA didn't, and doesn't, specify exactly how the assessment is to be carried out but the *"extent and scope"* and the *"types and sources of information to use"* needed to be enough to be able to reasonably assess the sustainability of the arrangement **for the consumer.** In other words the assessment needs to be consumer-focussed. It is not an assessment of the risk to the lender of not recovering the credit to its satisfaction, but of the risk to the consumer of incurring financial difficulties or experiencing significant adverse consequence as a result of the decision to lend.

As set out in CONC, the risk to the consumer directly relates to the particulars of the lending and the circumstances of the consumer. Therefore, a lender's assessment of creditworthiness would likely need to be flexible – what is sufficient for one consumer might not be for another, or indeed what might be sufficient for a consumer in one circumstance might not be so for the same consumer in other circumstances.

so what should have happened when Miss L applied for credit and did Quick Quid get this right?

Bearing the above in mind, I would expect an assessment of creditworthiness to vary with circumstance. In general, I'd expect a lender to require more assurance, the greater the potential risk to the consumer of not being able to repay the credit in a sustainable way. So, for example, I'd expect a lender to seek more assurance by carrying carry out more detailed checks

- the higher the loan amount,
- the lower the consumer's income; or
- the longer the lending relationship.

In coming to a decision on Miss L's case, I have considered the following questions:

- did Quick Quid complete reasonable and proportionate checks when assessing Miss L's loan applications to satisfy itself that she would be able to repay the loan in a sustainable way?
    - if not, would those checks have shown that Miss L would have been able to do so?

- did Quick Quid act unfairly or unreasonably in some other way?

Having done so, I've concluded that Quick Quid was irresponsible to agree a second and third loan for Miss L because although I find that it carried out a proportionate check for her first loan, the information it gathered then and ought to have gathered later should have led it to decline subsequent loan applications. I appreciate this will be a disappointing outcome for Quick Quid and I will explain how I've reached this conclusion.

did Quick Quid complete reasonable and proportionate checks when assessing Miss L's loan applications to satisfy itself that she would be able to repay the loan in a sustainable way?

Quick Quid has explained how it carried out its assessment of Miss L's loan application. It said *"In January 2015, much before Miss [L] borrowed her first loan, QuickQuid had implemented an affordability review that is consistent with the FCA Handbook and that was in place at the time we received authorisation by the FCA. We confirm that this assessment was conducted properly and individually for each of these … loans."*

Quick Quid seems to be saying that because it reviewed its processes so that they were consistent with the rules and regulations in place and was then fully authorised by the FCA before lending to Miss L, that her loans must have been assessed properly and so it acted responsibly in granting them.

I don't agree with this argument. It doesn't follow that a firm cannot have treated any consumer unfairly simply because it has been authorised and is regulated by the FCA. This assumes that an authorised firm's regulated activities are always implemented in a way that results in fair outcomes for all consumers. This is not the case, as the experience of this Service bears out.[2]

As I've explained above, the FCA is not prescriptive about how the relevant rules and guidance set out in CONC should be implemented, specifically CONC does not set out *how* a lender ought to go about its affordability assessment. The assessment that should be carried out is dependent on what is appropriate for both the consumer and the loan in question. So it doesn't follow that a standard assessment, whatever the *"extent and scope"* of it or whatever the *"type and source of information"* it uses is automatically the right thing to do for all consumers in all circumstances. And so I cannot pre-judge Miss L's complaint about irresponsible lending on the basis that the affordability check Quick Quid carried out was the right thing to do in her case. And I am not planning to automatically reject her complaint on this basis.

Further to this point, as I've mentioned, there are also other considerations which this Service is required to take into account when making determinations on complaints. As the FCA Handbook sets out in the rules and guidance relevant to dispute handing *"The Ombudsman will determine*

[2] http://www.ombudsman-complaints-data.org.uk

*a complaint by reference to what is, in his opinion, fair and reasonable in all the circumstances of the case.” (*DISP 3.6.1R)

And DISP 3.6.4R goes on to explain that

“In considering what is fair and reasonable in all the circumstances of the case, the Ombudsman will take into account:

(1) relevant:

(a) law and regulations;

(b) regulators' rules, guidance and standards;

(c) codes of practice; and

(2) (where appropriate) what he considers to have been good industry practice at the relevant time.”

So, I am required to consider more than the rules and guidance set out by the regulators in making my determination on a complaint. And so I would not be acting in accordance with my statutory role if I *only* considered the extent to which Quick Quid complied with rules and guidance set out by the FCA in my determination.

Moving on to the specifics of this complaint, Quick Quid says that it asked Miss L for her income and expenses when she applied for each of her loans. In addition, the lender says it used a third-party credit reference agency (CRA) to validate these figures, specifically that it *“compare[s] the expense figures to average expense data published by the Office of National Statistics (ONS). Where material discrepancies are found, we request the customer’s bank statement to further evaluate their incomings and outgoings.”*

Quick Quid explained that Miss L said her monthly income was £2,800 and her monthly expenses were £925. These were broken down into the following monthly expense categories:

Housing	£250
Utility	£75
Transport	£50
Food	£75
Other credit commitments	£450
Other expenses	£25
Total expenses	£925

It seems from Quick Quid’s records that it carried out a credit check and other checks through a CRA each time Miss L applied for a loan. Quick Quid hasn’t provided the results of these checks, or any comment on them, so I don’t know exactly what it saw.

Miss L has provided a recent copy of her credit file to this Service and it doesn’t show any county court judgements or defaults. It does however show that Miss L had significant existing financial commitments which, as I will go on to explain, I think Quick Quid ought to have taken into consideration when making its lending decisions.

Miss L’s first loan was for £400 to be repaid in two instalments of £54 and £496[3]. She’d told the lender her existing credit commitments came to £450. I can see from her credit file that she had over £35,000 of credit card debt over several cards, which I think Quick Quid would have seen when it carried out its checks as this is the level showing on her file the month before it agreed this loan. Miss L would have needed to repay 1% of the outstanding balance on her credit cards, plus interest and fees[4]. So even if some of this credit was on a ‘zero interest’ basis, I think it’s reasonable to assume that Miss L’s monthly credit card repayments alone came to more than £450.

[3] I have rounded figures to the nearest pound.

Also of note is that Miss L had taken out a guarantor loan for £5,000 in July 2017 with monthly repayments of almost £500. This first appears on her credit file in September 2017 so I can't say for sure whether or not Quick Quid's checks in September would have picked this up – on balance I think it's more likely that it wouldn't have known about this yet. Miss L was borrowing relatively large amounts from another payday lender at this time, though it seems she had always repaid these before taking loans from Quick Quid.

Altogether, even assuming Miss L's monthly credit card commitments came to more than the amount she had stated, given that this was her first loan and bearing in mind the information she provided about her income and expenditure and the size of the loan repayments, I've concluded it wasn't unreasonable for Quick Quid to think Miss L would be able to afford to repay this first loan without difficulty. To clarify - I am not finding that this loan was in fact affordable for Miss L but that based on the circumstances and the information Quick Quid had, it wasn't unreasonable for it to agree to lend on this occasion. In the event, Miss L repaid this loan in full six days later and paid less than £20 in interest.

Quick Quid says that Miss L repaid her first and second loans before the contractual due date and that *"Miss* [L] *was not struggling to cover her payments but rather she had the financial means to repay early. Typically a consumer experiencing financial difficulty would default on a payment or request more time before they make early payments."* I appreciate that Miss L repaid her first two loans early. However, this doesn't automatically mean that she managed to repay them in a *sustainable* manner, in other words without having to borrow again to make up the gap this left in her funds, borrow from elsewhere or go without.

The day after Miss L repaid her first loan she took out her second. This was for £800, double the amount of her first. She needed to repay this in three instalments of £256, £186 and £979. Given these circumstances and what I think Quick Quid was likely to have known of Miss L's existing credit commitments at this point (her credit card repayments and her existing loan), I think the lender needed to do more here to satisfy itself that she would be able to meet its loan repayments in a sustainable manner. It could have brought these concerns to Miss L and asked more questions of her. It could have asked for evidence of income and expenditure, for example bank statements, payslips, rent or bill records etc. But, however it proceeded, I don't think it was fair to have continued to assess Miss L's application on the basis of the same level of checks it had carried out for her first loan.

Miss L applied for her third loan within a couple of weeks of repaying her second. This was for £400, which I understand was to be repaid in one amount of £534. Quick Quid agreed to an additional £250 the next day, bringing the amount Miss L would need to repay to £866, also to be repaid in one instalment. As before, I think it would have been reasonable of Quick Quid to gather more information and verify it in order to assess the risk to Miss L of her being unable to meet these repayments in a sustainable manner.

In summary, I don't think the checks Quick Quid carried out were proportionate for Miss L's second or third loans. So I've gone on to consider the consequences of this for her.

what would reasonable and proportionate checks more likely than not have shown?

Miss L hasn't provided this Service with her bank statements. But she has explained something of her financial situation. It seems she entered a debt management plan with a national debt management advice charity in early 2018 and has provided a list of creditors and existing commitments to be included in this plan. These match her credit file commitments but also include many short-term lenders, store cards and an overdraft, all of which amounted to over £54,500 of unsecured debts.

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[4] CONC 6.7.5R(1) said that *"A firm must set the minimum required repayment under a regulated credit agreement for a credit card or a store card at an amount equal to at least that amount which repays the interest, fees and charges that have been applied to the customer's account, plus one percentage of the amount outstanding."*

Miss L told us about her usual monthly expenses, which includes an amount of £1,050 for her rent. She provided a screen shot of her monthly standing order for the rental payment to her local council and explained that her rent to the council has remained the same for the last twenty months as she's lived in various housing association homes within the same area. She also told this Service that her income was approximately £2,800, which is what she told Quick Quid. (I understand that Miss L also receives a quarterly bonus which she says is performance-dependent, so I haven't considered this as part of her normal income because it wasn't a guaranteed payment.)

Based on these figures, Miss L's rent and long term loan commitments[5] came to about £1,575 a month. As mentioned above, I don't know exactly how much Miss L would have spent servicing her credit card debts – a conservative estimate of 2% a month would amount to £700. Including this figure leaves Miss L with a little over £500 out of her normal monthly income to cover any usual living costs such as food, transport and bills. So I don't think it's likely that Miss L would have been able to repay her second and third loans in a sustainable way. I think it's likely Quick Quid would have understood this had it carried out proportionate affordability assessments. And, as a responsible lender, it would not have agreed these loans.

did Quick Quid act unfairly or unreasonably in some other way?

From the information I have available, it seems Miss L didn't borrow from Quick Quid after December 2017. I understand that Miss L hadn't made any repayments on her third loan as of March of this year. I don't know what, if anything, has happened between Quick Quid and Miss L since then. But she hasn't raised any issues of complaint about Quick Quid, other than the unaffordability of its loans and their negative impact on her. And I haven't seen anything else in the information I have available to me which has prompted further investigation at this point.

what Quick Quid should do to put things right

I've concluded that Quick Quid was irresponsible to agree Miss L's second and third loans taken out on the 16th of September and the 15th of December 2017 respectively, with additional funds granted on her third loan on the 16th of December.

In order to put Miss L back in the position she would have been in, had it not agreed these, Quick Quid should:

- refund all interest and charges (including late fees and default interest) Miss L paid for these loans;
- pay interest on these refunds at 8% simple* per year from the dates of payment to the dates of settlement;
- remove any adverse information about these loans from her credit file;

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

I understand that there is a balance remaining on Miss L's third loan. Quick Quid should remove any outstanding interest owing from this and if there is a capital balance left when this is done, it can use the above refund to offset this capital balance.

I would remind Quick Quid of its obligation to deal with Miss L fairly and sympathetically in the event that an outstanding capital balance remains after it has offset the above refund. I note that Quick Quid said in its response to this Service that it was willing to set up a feasible payment plan with Miss L for this loan.

[5] Miss L's rent and guarantor loan came to about £1,550 a month. Alongside her guarantor loan, Miss L also had a long-term loan from a high street bank which cost £25 a month.

my provisional decision

I intend to uphold Miss L's complaint for the reasons given above and require CashEuroNet UK LLC trading as Quick Quid to put things right as I've set out.

I'll wait a month to see if either party has anything further to add – before considering my decision on this complaint once more.

Michelle Boundy
ombudsman