

The complaint

Miss B complains that Stagemount Limited trading as Quid Market irresponsibly lent to her. She says she couldn't afford the loan repayments as she had other debts which showed she was in financial difficulty.

What happened

Quid Market lent Miss B four instalment loans between May 2021 and July 2022. All the loans have been repaid. The details of Miss B's loans are as follows;

Loan number	Loan date	Loan amount (£)	Term	Repayment (£)	End date
1	17/05/2021	300	3 months	137.36	30/07/2021
2	18/08/2021	400	3 months	129.88	31/12/2021
3	13/01/2022	400	5 months	133.56	31/05/2022
4	26/07/2022	400	6 months	133.32	31/01/2023

Miss B complained to Quid Market but it didn't uphold her complaint about any of the loans and so she referred her complaint to the Financial Ombudsman where it was looked at by one of our adjudicators.

Our adjudicator didn't think Quid Market was wrong to lend any of the loans, she said Quid Market's checks went far enough and they showed Miss B could afford the loans. Miss B disagreed, she said her borrowing was repetitive which showed signs of financial difficulty and that although Quid Market requested her payslips, it didn't verify her outgoings.

What I've decided – and why

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

We've set out our general approach to complaints about short-term lending - including all of the relevant rules, guidance and good industry practice - on our website.

Quid Market needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Miss B could repay the loans in a sustainable manner – without the need to borrow further or suffering financial detriment as a result of the loan repayments. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure. With this in mind, in the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate.

But certain factors might point to the fact that Quid Market should fairly and reasonably have done more to establish that any lending was sustainable for the consumer. These factors include:

- the *lower* a consumer's income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the *greater* the number and frequency of loans, and the longer the period of time during which a customer has been given loans (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable or harmful.

I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Miss B's complaint.

Miss B completed loan applications for each of her loans where she declared her income and expenses including credit commitments. I can see that for loans 2 – 4 Quid Market verified Miss B's income through her payslips and obtained a screenshot of her income deposit into her bank account for loan 1. Quid Market also searched Miss B's credit file before lending each of the loans.

For loan 1, Miss B's income which was verified through her bank account screenshot was £1,772. Miss B declared her living costs including credit commitments as £530 but Quid Market worked out her living costs including credit commitments was £610, more than Miss B declared. This would have left with sufficient disposable income to afford the monthly repayments of £137.36 for this loan.

Quid Market's search into Miss B's credit file for this loan shows that she had some historic defaults mostly from 2019 with the most recent in March 2020, about a year before this loan. I don't think based on those defaults Quid Market should have automatically declined Miss B's application. Quid Market verified her income with screenshots of her bank account receipt, the credit check also showed Miss B had a few active accounts which were mostly revolving credit accounts and were largely up to date with repayments, Miss B also had some loans most of which had small repayments amounts. Overall, the picture didn't suggest Miss B was dependent on credit or in financial difficulties at the time.

At the time of loan 2, Miss B's income and credit search were similar to loan 1, the number of defaulted accounts had reduced. Miss B declared her living costs and credit commitments as £550 but Quid Market works it out to be £900, again more than Miss B declared. There was nothing to suggest Miss B would struggle to repay £129.88 for this loan over its three-month term.

For loan 3, Miss B's income was similar to her previous loans but had increased to £1,918 for loan 4. Miss B declared her living costs as £655 but Quid Market worked out she paid £1,028 towards her living costs and credit commitments for loan 3. For loan 4 she declared £616 and Quid Market worked out she paid £1,022 towards her living costs and credit commitments.

Again, for both these loans, Quid Market used higher figures than Miss B declared and her credit profile didn't suggest reliance on credit for either loan. Based on these checks Miss B could afford the repayments of £133.56 and £133.32 for loans 3 and 4.

Overall, I think Quid Market's checks were reasonable in the circumstances, it verified Miss B's income through her payslips and used the results of its credit search to understand and verify her credit commitments. Those checks for all the loans showed Miss B could afford the loan repayments.

So, while I understand Miss B's strength of feeling that she shouldn't have been given the loans, Quid Market's reasonable checks at the time of each loan didn't suggest she was dependent on short term credit or that she'd struggle to repay the loans. I don't think it was wrong to lend any of the loans in those circumstances.

My final decision

For the reasons give above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 4 December 2023.

Oyetola Oduola
Ombudsman