

The complaint

Mr G is complaining that Stagemount Limited trading as Quidmarket irresponsibly lent to him.

What happened

Quidmarket lent Mr G six instalment loans. Mr G's borrowing history is as follows;

Loan number	Loan date	Loan amount	Term	Repayment	End date
1	02/03/2019	£600	5 months	£211.58	26/07/2019
2	20/04/2019	£400	3 months	£211.22	24/04/2019
3	11/05/2019	£400	5 months	£133.33	31/05/2019
4	23/08/2021	£500	5 months	£230.74	30/09/2021
5	11/01/2021	£1,500	5 months	£510.25	31/03/2022
6	05/09/2022	£1,500	6 months	£476.18	06/03/2023

Mr G repaid loan 5 late, Quidmarket said Mr G contacted it to say he lost his job due to covid 19 and that was the reason for the late payment. Mr G withdrew from the agreement on loan 2 within 14 days.

When Mr G complained to Quidmarket, it didn't uphold his complaint but offered as a gesture of goodwill to remove the loans from Mr G's credit file. Mr G didn't accept this and referred his complaint to the Financial Ombudsman Service.

One of our adjudicators looked at the complaint and didn't think Quidmarket was wrong to lend any of the loans. Mr G disagreed he said Quidmarket should have taken its checks further before lending loans 4 – 6 and had it done that it would have seen he couldn't afford the loan.

As the complaint remains unresolved, it has been passed to me, an ombudsman for a decision.

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.

Quidmarket 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 Mr G could repay the loans in a sustainable manner. That is to say Mr G should be able to repay his loans without undue difficulties - while meeting other reasonable commitments; as well as without having to borrow to meet the 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 Quidmarket 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.

I think that it is important for me to start by saying that Quidmarket was required to establish whether Mr G could sustainably repay his loans – not just whether the loan payments were affordable on a strict pounds and pence calculation. The loan payments being affordable on this basis might be an indication a consumer could sustainably make their repayments. But it doesn't automatically follow this is the case.

Quidmarket has provided evidence to show that before it lent any of the loans, it asked Mr G to declare his monthly income, living costs and credit commitments. It also searched his credit file before lending any loans and has provided the results of its searches. I can also see that for loans 4 and 6, Quidmarket saw Mr G's payslip and a screenshot of his income deposit into his account respectively.

I've looked at the results of Quidmarket's credit search, I appreciate Mr G has provided a copy of his credit file. I'm minded to place more weight on the credit search results of Quidmarket in this instance because firstly, they were carried out around the time of the loans and so give a snapshot of Mr G's credit at the time. Also, I'm aware different searches may produce different results and just because something shows up on the credit file Mr G sees doesn't necessarily mean Quidmarket saw it. Quidmarket wasn't required to carry out a credit search, although many lenders do, and if it did, it wasn't required to carry it out to any specific extent.

The results of Quidmarket's searches showed that Mr G had some adverse information on his credit file – he had historic defaults from 2013, these had fallen off his credit file by loan 4. By loans 4 and 5, he had a late payment recorded against his hire purchase agreement, but the balance was continuing to reduce, this delinquency had been rectified by the time of loan 6.

I can also see Mr G's credit file showed he was slightly over the credit limit on some of his revolving credit accounts, but the payments were largely up to date.

Mr G declared his income to be between £2,200 - £5,000 for all loans and he declared his living costs including credit commitments between £825 - £2,000. I can see Quidmarket adjusted Mr G's declarations based on its checks. For example, for loan 3, Quidmarket estimated Mr G's income to be £2,024 – less than the £2,400 Mr G declared. Quidmarket also worked out Mr G's living costs including credit commitments were between £1,162 - £1,808 – these figures are higher than Mr G's declarations.

Based on these figures, Mr G could meet his loan repayments and was left with sufficient disposable income after.

I think Quidmarket's checks went far enough, it reacted to the information its checks revealed and from what I can see, the repayments for each loan were affordable and sustainable for Mr G. While further checks may have revealed Mr G would struggle to keep up with the repayments of his loans, the reasonable and proportionate checks carried out by Quidmarket in this instance shows it made a fair lending decision. Quidmarket wasn't wrong to lend to Mr G and I won't be asking it to do anything further.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 11 December 2023.

Oyetola Oduola
Ombudsman