

The complaint

Mr S, through his representative, complains that Stagemount Limited, trading as Quidmarket ("Quidmarket"), lent to him multiple times when it ought not to have done.

What happened

The loan table gives brief information about the loans Mr S was approved for. The gaps in the lending are relevant.

Loan	Approved date	Amount	Monthly instalments	Repayment amounts (rounded)	Repaid date *means repaid early.
1	24 May 2016	£265	4 months	£107 month	14 September 2016*
Long gap					
2	1 August 2017	£500	4 months	£190 month	17 November 2017
3	1 December 2017	£300	3 months	£139 month	16 February 2018
Long gap					
4	7 December 2019	£400	3 months	£198 month	4 March 2020
Long gap					
5	7 September 2020	£400	3 months	£204 month	4 December 2020
6	5 December 2020	£500	4 months	£205 month	3 April 2021 (paid two days late)
7	15 April 2021	£500	3 months	£234 month	2 July 2021
8	5 July 2021	£600	3 months	£301 month	4 October 2021
9	13 January 2022	£400	5 months	£137 month	1 June 2022*
10	5 October 2022	£500	5 months	£180 month	3 March 2023

Quidmarket has agreed that we can look at all the loans including the first two which were approved more than six years before Mr S' complaint.

After Mr S' representative had sent a comprehensive letter of complaint to Quidmarket it replied with its equally detailed final response letter (FRL) in October 2023. It upheld loan 3 only. It did not uphold the complaint about the other loans.

Mr S' representative referred the matter to the Financial Ombudsman Service where one of our investigators considered it all.

Mr S' representative had sent a credit reference agency report on Mr S dated August 2023 and many copy bank account statements for the period covering the loans. These are for one account ending *91563 which I will refer to as Bank H.

Quidmarket had sent all the documents (including its credit searches) relating to each of the loan application assessments.

Our investigator noted that Quidmarket had upheld loan 3 but did not review it further and did not include it in the redress section of her view. I have used this and my earlier decisions to make it clear to Mr S and Quidmarket what ought to happen with loan 3.

Our investigator considered that (apart from loan 3) all the loans up to and including loan 7 had been approved after Quidmarket had carried out satisfactory checks. So, she did not uphold Mr S' complaint about those.

Our investigator's view was that from loan 8 onwards the pattern of the lending showed Quidmarket had done the wrong thing as by this time it ought to have known that Mr S had been lent to repetitively and so it ought not to have lent again from loan 8.

Quidmarket disagreed with that part of the investigator's assessment relating to loans 8 to 10 and said nothing about loan 3. It asked for an ombudsman review.

Mr S' representative expressed disappointment that Quidmarket had disagreed with the investigator's decision '*to uphold four loans*' and asked for an ombudsman review. They did not send any further information. It refers to '*four loans*' but there may be some confusion here as our investigator upheld the complaint for three loans (8 to 10) and Quidmarket had already agreed to uphold loan 3. I have used the decisions sent before this one to clarify this.

The complaint was unresolved and was passed to me to decide.

I issued a provisional decision on 19 March 2024 as I disagreed with the basis of the investigator's reasoning of '*repeat lending*' from loan 8 and I explained why. I gave reasons why I considered that Quidmarket putting things right for Mr S for loan 3 only was the right outcome.

On 23 April 2024, I issued a second provisional decision as I had reviewed all that Mr S' representative said in response to my provisional decision and in particular, loan 10.

The second provisional decision was that Quidmarket ought to put things right for Mr S for loans 3 and 10. I explained why in that second provisional decision.

I gave time to both parties to respond and neither has. So, I am issuing the final decision in the interests of both parties to receive a resolution.

My second provisional decision (which summarises my first as well) is duplicated here and is deliberately in smaller type and italics to differentiate it.

Second provisional decision – what I had provisionally 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 the relevant rules, guidance, and good industry practice - on our website.

Quidmarket had to assess the lending to check if Mr S could afford to pay back the amounts he'd borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. Quidmarket's checks could have taken into account several different things, such as how much was being lent, the size of the repayments, and Mr S' income and expenditure.

I think in the early stages of a lending relationship, less thorough checks might have been proportionate. But certain factors might suggest Quidmarket should have done more to

establish that any lending was sustainable for Mr S. These factors include:

- Mr S having a low 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 amounts to be repaid being especially high (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- Mr S having many loans and/or having these loans over a long period of time (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable);
- Mr S coming back for loans shortly after previous borrowing had been repaid (also suggestive of the borrowing becoming unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable for Mr S. The investigator thought this point was reached by the time loan 8 was granted. I explained in the first provisional decision why I didn't agree with this considering there were too many medium sized gaps in that fourth loan chain (from loan 5) which would have suggested to Quidmarket that it was in danger of harming Mr S with repetitive lending.

Quidmarket was required to establish whether Mr S could sustainably repay the loans – not just whether he technically had enough money to make his repayments. Having enough money to make the repayments could of course be an indicator that Mr S was able to repay his loan sustainably. But it doesn't automatically follow that this is the case.

I've considered all the arguments, evidence and information provided in this context, and thought about what this means for Mr S' complaint.

Which loans are disputed?

The responses by both of the parties to the investigator's view of the complaint indicated to me that loan 3 is undisputed as Quidmarket upheld that part of the complaint in the FRL and Mr S' representative is not likely to be disputing that uphold.

The offer on loan 3 is still available as Quidmarket has told us in its submission letter dated November 2023. That includes the line in the FRL which says that Quidmarket will remove the loan from Mr S' credit file. The calculations Quidmarket did in November 2023 are out of date and so the redress section in this decision clarifies what I think ought to happen with loan 3.

Following the investigator's view, Quidmarket did not agree to the complaint uphold in relation to loans 8, 9 and 10 and so those are in dispute still.

Mr S' representative has not disagreed with the outcomes for loans 1, 2, and loans 4 to 7. So, I have not reviewed those undisputed loans and instead I have reviewed the loan applications for loans 8 to 10 inclusive. I have considered the details of the loans leading up to loan 8 as well to provide me with the background information about Mr S.

Gaps in lending

There are many gaps in the lending which are demonstrated by the loan table I inserted at the beginning of this decision. We usually attribute a break in the lending relationship to have occurred after a long gap (usually six months or more) where the consumer does not owe anything to the lender and the relationship is quiet. Smaller gaps may not break the lending chain and I consider that there are four loan chains here, of which loans 5 to 10 form the fourth chain.

There are smaller gaps in that fourth chain and these lead me to be persuaded that Mr S was not likely to have been experiencing harm from repetitive lending by Quidmarket. It is this element which I addressed in the first provisional decision. These smaller gaps in the last loan chain were too small to break the chain but too large to suggest to Quidmarket that Mr S was in some way reliant on the lending. So, I considered the loans individually and issued my first provisional decision on 19 March 2024.

My first provisional decision

In my first provisional decision I endorsed the offer Quidmarket had made about loan 3 and repeat that endorsement again.

In my first provisional decision I gave reasons why I considered that there was nothing in the information Quidmarket obtained from Mr S and the Credit Reference Agency (CRA) reports about his lending history which would have led Quidmarket to be on notice that Mr S had any financial issues for the three disputed loans. I considered it had carried out proportionate checks and I planned not to uphold the complaint about loans 8 and 9 and 10. I remain of that view for loans 8 and 9.

But the longer a period during which a customer keeps coming back for loans then more scrutiny would be expected if there are other elements which also suggest that the customer's situation was worsening rather than improving. For loan 10 I think that deterioration had occurred in Mr S' circumstances and I have reviewed the lending decision about loan 10 in this second provisional decision.

How did the parties respond to the provisional decision dated 19 March 2024

Quidmarket did not reply.

Mr S' representative explained why it disagreed and raised a new complaint point surrounding Mr S' propensity to gamble his money. This has been the first occasion on which this has been raised either by Mr S' representative in the initial complaint letter to Quidmarket or in the submissions it sent to us in October 2023. This is one of the reasons I have decided to issue a second provisional decision.

*Mr S' representative asked us to ensure we had got what it described as Mr S' secondary account statements. The set of bank account statements it had sent in was the one ending *1563, which I'll call Bank X. Mr S' representative said these showed multiple transactions to a second account. No additional information has been sent to us by Mr S' representative about that second account. I had written to the representative before issuing this second provisional decision to remind them that it was a matter for them as to what it submitted on behalf of Mr S' complaint. Nothing further has been received since then.*

Mr S' representative said that looking at the credit file before each of loans 8, 9 and 10, Mr S' situation was poor. It gave a list of what it considered were short term loans, high cost loans and that he had used his credit cards to exceed their limits and had used a credit card for cash withdrawals.

In relation to credit reports, the one that Mr S' representative appears to have been using is the personal credit report dated August 2023. Whereas the credit search reports from CRAs are the relevant ones to the complaint assessment when asked to investigate the lending decision. These are the ones obtained and seen by Quidmarket before each loan was approved. I've got those copies and so there may well be differences between what the personal report now shows and what Quidmarket was given at the time of each lending decision. I can't account for the differences but I know those differences occur. One example is that the CRA reports which Quidmarket had do not show any cash withdrawals from either of the two credit cards Mr S held – meaning that information has not been reported on.

I know that what a Quidmarket receives from CRAs and what an individual may receive when they obtain a personal report can be different. And I add that if a consumer has taken a loan relatively soon before asking a lender for money then it's not likely that a report requested from a CRA by the potential lender will have registered all the recent loans. And hence the reason an applicant needs to be accurate in what they say when applying for a loan.

Quidmarket did do CRA searches and I have received the copies it saw at the time. So, its these which are the relevant ones to consider for the complaint because this is information that I know Quidmarket had.

And I would only have expected Quidmarket to have delved deeper into Mr S' financial situation by asking to see copy bank account statements at loan 10. And I explained my reasoning along these lines in the first provisional decision and I refer the reader to it. So, my view about the other loans has not altered.

The account into which Mr S' salary was credited was Bank X. I've received many copies of these from his representative as I have said before. I have no other account statement copies. And as I said

to Mr S' representative recently in an email, it is a matter for it as to what it sends to us to augment its submissions about Mr S' complaint.

As I said in my provisional decision issued on 19 March 2024, I did consider that Quidmarket ought to have delved deeper into Mr S' financial situation at loan 10 as he'd been a customer for two years and still he was returning for loans despite earning a good wage.

Plus, the CRA report it received at loan 10 showed that the loan debt levels had increased since it had obtained a CRA for loan 9 and Mr S' 'balance to limit ratio' on his increased (higher) revolving credit limits had gone up to 93%.

I reviewed the Bank X statements in September 2022 and they show:

- payments to two other lenders of £156 and £179 – these were two existing loans that Quidmarket would have seen were registered on the October 2022 credit search it had conducted. I have seen reference to these as well. These two loans were taken out on 12 January 2022, the day before loan 9, and so would not have been ones about which Quidmarket would have known when Mr S applied for loan 9. But they are clearly present at loan 10. The only way it could have known was if Mr S had informed it of his newly acquired loans when he applied for loan 9. There's no evidence of him having done that.
- two payments to two different credit cards - £200 and £260. Quidmarket would have seen from the credit report he had two credit cards. The credit search report it had does not show cash withdrawals. So, it would have been unaware of that. But the details do show Mr S had been paying only the minimum repayments on these for many months. So Mr S was making minimal inroads into the capital sums owed on those two cards.
- Mr S received a loan for £1,000 from a lender on 6 September 2022 and from a further lender for £500 on 14 September 2022. These would not have registered on the CRA report and so this would have been new and relevant information to Quidmarket. Information Quidmarket would've known had it carried out what I consider having been a proportionate check.
- there were many Faster Payments to a well-known on-line payment system and mobile wallet provider. These were several hundred pounds over a couple of days and several times during that month.
- there's evidence of one credit from a betting website for £500
- there were credits from that same well-known on-line payment system and mobile wallet provider with the same name as Mr S and so it's likely that it is an account belonging to Mr S.
- it looks like Mr S was receiving money from individuals – around £1,800 that month
- his salary of £4,265 credited on 30 September 2022 following which Mr S repaid the individuals from whom he had received money earlier in the month.

Mr S' representative has submitted that the 'large amount of transactions into a secondary account' ought to have been investigated by Quidmarket to get the clear picture about Mr S' finances.

I've not seen any copies of that secondary account but the transactions to that on-line payment service were extensive. That plus the credits from that same payment service and the credit from the betting website, plus the borrowing money from friends does suggest that Mr S may have been gambling. His representative has said that he was. And having thought about it carefully I think it's very likely Mr S was. I hope Mr S has obtained help to assist him with this.

Added to which Mr S had about £1,800 deposited into his account by friends and had taken two further loans from two other high cost lenders of £1,500 in September 2022. So that indicates further borrowing since Loan 9, and very recent borrowing in September 2022 from lenders and friends and still he was asking for £500 from Quidmarket.

So, I have been persuaded by Mr S' representative to review the situation. And although Mr S' net salary was a good one, I also need to look at the sustainability of Mr S being able to repay the loan even though in comparison with his salary the Quidmarket loan 10 looked low value. On balance I've provisionally decided that Quidmarket ought not to have approved loan 10. My view remains the same for each of the loans save for loan 10 - I plan to uphold the complaint about loan 10. And I plan to endorse the loan 3 uphold offered by Quidmarket.

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.

Neither party has responded to the second provisional decision. And so, as I have no reason to depart from my earlier findings, I uphold the complaint in part.

Quidmarket has told Mr S that it shouldn't have given him loan 3 and I endorse that.

In addition, my final decision is that Quidmarket ought not to have approved loan 10.

So I set out below what Quidmarket needs to do to put things right for Mr S.

Putting things right

In deciding what redress Quidmarket should fairly pay in this case I've thought about what might have happened had it not lent loans 3 and 10 to Mr S as I'm satisfied it ought not to have. Clearly there are a great many possible, and all hypothetical, answers to that question.

For example, having been declined this lending Mr S may have simply left matters there, not attempting to obtain the funds from elsewhere – particularly as a relationship existed between them and this lender which they may not have had with others. If this wasn't a viable option, they may have looked to borrow the funds from a friend or relative – assuming that was even possible.

Or, they may have decided to approach a third-party lender with the same application, or indeed a different application (i.e. for more or less borrowing). But even if they had done that, the information that would have been available to such a lender and how they would (or ought to have) treated an application which may or may not have been the same is impossible to reconstruct now accurately. From what I've seen in this case, I certainly don't think I can fairly conclude there was a real and substantial chance that a new lender would have been able to lend to Mr S in a compliant way at this time.

Having thought about all these possibilities, I'm not persuaded it would be fair or reasonable to conclude that Mr S would more likely than not have taken up any one of these options. So, it wouldn't be fair to now reduce Quidmarket's liability in this case for what I'm satisfied it has done wrong and should put right.

Quidmarket has told Mr S that it shouldn't have given him loan 3 and I endorse that.

In addition, my final decision is that Quidmarket ought not to have approved loan 10. Quidmarket needs to do as follows:

A. Quidmarket should add together the total of the repayments made by Mr S towards interest, fees, and charges on loans 3 and 10

B. Quidmarket should calculate 8% simple interest* on the individual payments made by Mr S which were considered as part of "A", calculated from the date Mr S originally made the payments, to the date the complaint is settled.

C. Quidmarket should pay Mr S the total of "A" plus "B".

D. I direct that as Quidmarket has offered to remove loan 3 from Mr S' credit file that it does that to comply. And for loan 10 I direct that any adverse repayment information is removed.

*HM Revenue & Customs requires Quidmarket to deduct tax from this interest. Quidmarket should give Mr S a certificate showing how much tax it has deducted if he asks for one.

My final decision

My final Decision is that I uphold the complaint in part and I direct that Stagemount Limited, trading as Quidmarket, does as I have outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 4 June 2024.

Rachael Williams
Ombudsman