

The complaint

Mr J complains that Stagemount Limited trading as Quid Market (Quidmarket) lent to him irresponsibly. He says it did not carry out good enough checks before approving the loan.

What happened

Mr J took one loan from Quidmarket on 3 April 2024. It was for £400 repayable over three months at £198.05 each month, and the last scheduled repayment was 28 June 2024. Mr J complained within a month of being given the loan and received a final response letter (FRL) from Quidmarket on 14 May 2024. It gave reasons why it did not consider that the complaint should be upheld and Mr J referred it to the Financial Ombudsman Service.

By 25 June 2024 when the Financial Ombudsman Service received the information about the loan from Quidmarket, Mr J had made no payments towards the loan. Mr J has told us that Quidmarket had placed an adverse mark on his credit file.

One of our investigators looked at the details of the complaint and did not think that Quidmarket had done anything wrong. Mr J disagreed and so it was passed to me to decide.

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 the relevant rules, guidance, and good industry practice - on our website.

Quidmarket had to assess the lending to check if Mr J could afford to pay back the amount 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 a number of different things, such as how much was being lent, the size of the repayments, and Mr J's income and expenditure.

With this in mind, 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 J. These factors include:

- Mr J 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).

Other factors which I may consider relevant for other complaints where consumers take multiple loans are not relevant for this complaint as Mr J took one loan only.

Quidmarket was required to establish whether Mr J could sustainably repay the loan – 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 J was able to repay his loan sustainably. But it doesn't automatically follow that this is the case.

Mr J informed Quidmarket that he earned £1,700 each month after tax, and gave figures for mortgage/rent, food/travel, and utility bill costs. These were reviewed by Quidmarket and using information it would have gathered it increased the sums to include:

- £107 monthly credit commitment
- Rent £200
- Utilities £75
- Food /travel £250

So, it calculated that Mr J could afford the loan repayments.

Quidmarket carried out a credit search and saw that Mr J had very little overall debt – around £1,640. He had one marker for late payment of one month on one of the accounts which had happened in the last 36 months. He had two credit cards one of which was £10 over his limit and the other was quite close to the credit limit. But otherwise, there was no adverse information to alert Quidmarket to any potential financial issues.

Therefore, Quidmarket would have had no reason to consider that Mr J was in financial difficulties or had too slim a margin between his income and his expenditure for the loan to be affordable. It would not have considered it needed to carry out additional checks and I would not have expected Quidmarket to have done more than it did. In the circumstances, for a £400 loan for a new customer I consider Quidmarket carried out proportionate checks.

Mr J's view is that he was caught up in a '*vicious cycle of debt*' and his credit file was '*rocky*'.

Mr J describes that he

'...had inputted my own information different to this and I was accepted, the loan amount and term had also changed itself so I was shocked when it told me to sign for more than it had initially stated.'

But Mr J could have chosen not to have signed the agreement at that stage if he was not happy or he could have withdrawn from the agreement within 14 days if he was not content after signing it.

But the financial evidence does not lead me to think that Quidmarket lent irresponsibly. I do not uphold the complaint about irresponsible lending.

I've also considered whether Quidmarket acted unfairly or unreasonably in any other way and I have considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think it lent irresponsibly to Mr J or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

I note that there is an outstanding balance on the account and so I remind Quidmarket to approach Mr J about the debt with empathy and forbearance.

My final decision

I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 3 October 2024.

Rachael Williams
Ombudsman