

The complaint

Miss S complains that she was given incorrect information by Everyday Loans Limited about her loan account.

What happened

Miss S says she agreed to reduce her loan repayments to Everyday Loans before later increasing them to £100 a month. She says she asked Everyday Loans when her loan would end and was told it was due to end in June 2023 but now would finish about four months before that. Miss S says she later found out in May 2022 that the balance was much higher than she expected, and the loan would not end in early 2023 as she was told. She says Everyday Loans didn't update her address and would like the loan to be reworked to end as she was told.

Everyday Loans accepts it made a mistake by not updating Miss S's address and by giving her incorrect information. It's offered £100 compensation but says annual statements showing the correct balance as well as end date were sent.

Miss S brought her complaint to us, and our investigator thought the compensation offer appropriate and didn't think it fair that the loan be effectively written off. The investigator thought Miss S was liable for the loan.

Miss S doesn't accept that view and says she had no way of knowing the account balance without Everyday Loans telling her.

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.

Having done so I have come to the overall view that Everyday Loans has made an appropriate compensation offer. I appreciate Miss S will be disappointed by my decision.

There is no question here that Everyday Loans made a mistake by not updating Miss S's address and more importantly in giving her incorrect information about the loan end date. I can see from Everyday Loans records that it clearly gave Miss S incorrect information at the end of 2020 which was not corrected until May 2022. I have no doubt Miss S was caused distress and inconvenience in finding out the information she had been given was incorrect. I accept she would have been disappointed to realise that a larger amount of the loan remained outstanding than she anticipated.

The main issue that I must consider is if it's fair for me to direct the loan effectively be written off which is what Miss S would like to happen. I'm satisfied that Miss S had the benefit of the money and entered into a contract with Everyday Loans to repay the amount she borrowed as well as interest. It follows that I'm satisfied Miss S is contractually obliged to repay the debt and that it would not be proportionate or fair to order the loan now be written off or direct that it should end in early 2023 as Miss S suggests should have happened.

I appreciate Miss S says that had she known the correct position, she would have increased her monthly repayment to Everyday Loans. But I can't be sure that would have been the position as I can see Miss S had contracted to repay £264 a month but reduced that to less than £100 a month before increasing to £100 a month. I can also see that Miss S was in financial difficulties at the time as well as at the present time, so it's difficult to be sure she would have been in a position to significantly increase the payments had she been given the correct information about the loan end date.

I'm satisfied the compensation offer is fair and reasonable for the incorrect information and failure to update the address details. I think it likely Miss S would have received an account statement in 2021 and ought to have had a general understanding of how much she owed.

Overall, I can't fairly direct this loan be written off or that Everyday Loans need take any further action in the circumstances of this complaint. If Miss S is in financial difficulties, then no doubt she will approach Everyday Loans about that.

My final decision

My final decision is that I don't uphold the main part of this complaint and find that Everyday Loans Limited has made a fair and reasonable compensation offer of £100 which it should now pay Miss S if she accepts this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 2 August 2023.

David Singh
Ombudsman