

## **Complaint**

Miss E has complained about a loan Everyday Lending Limited (trading as “Everyday Loans”) provided to her. She says the loan was unaffordable.

## **Background**

Everyday Loans provided Miss E with a loan for £3,000.00 in October 2021. This loan was due to be repaid in 24 monthly instalments of just over £320.

One of our adjudicators reviewed what Miss E and Everyday Loans had told us. And he thought that Everyday Loans hadn’t done anything wrong or treated Miss E unfairly. So he didn’t recommend that Miss E’s complaint be upheld. Miss E disagreed and asked for an ombudsman to look at her complaint.

## **My findings**

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

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Miss E’s complaint.

Everyday Loans needed to make sure that it didn’t lend irresponsibly. In practice, what this means is Everyday Loans needed to carry out proportionate checks to be able to understand whether Miss E could afford to repay before providing this loan.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Everyday Loans says it agreed to Miss E’s application after she provided details of her monthly income and some information on her expenditure. It says it cross-checked this against information on a credit search it carried out and copies of bank statements that it obtained. In its view all of this information showed Miss E could afford to comfortably make the repayments she was committing to.

On the other hand, Miss E has said she should never have been provided with this loan because of her existing financial position.

I’ve carefully thought about what Miss E and Everyday Loans have said.

The first thing for me to say is that Everyday Loans carried out a credit check on Miss E and obtained bank statements from her. So I don't think that this was a case of Everyday Loans simply accepting an over-optimistic declaration of monthly disposable income at face value. Everyday Loans' credit search does show that Miss E had some existing debts. But this wasn't excessive when compared to Miss E's monthly income.

Equally, as this was Miss E's first loan with Everyday Loans, I'm satisfied that it was reasonably entitled to rely on what it had been provided with. There wasn't anything obvious in the information gathered during this application which leads me to think that it wasn't reasonable to lend in these circumstances.

I accept that Miss E's actual circumstances may not have been fully reflected either in the information she provided, or the information Everyday Loans obtained. But the key here is that it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. Given the circumstances here, and the lack of obvious inconsistencies, I don't think that it was unreasonable for Everyday Loans to lend here.

As this is the case, I don't think that Everyday Loans did anything wrong when deciding to lend to Miss E - it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable.

So overall I don't think that Everyday Loans treated Miss E unfairly or unreasonably when providing her with her loan. And I'm not upholding Miss E's complaint. I appreciate this will be very disappointing for Miss E. But I hope that she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

Although I'm not upholding this complaint, I'd like remind Everyday Loans of its obligation to exercise forbearance and due consideration should it intend to collect on the outstanding balance on Miss E's loan and it be the case that she is experiencing financial difficulty.

### **My final decision**

For the reasons I've explained, I'm not upholding Miss E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 20 November 2023.

Jeshen Narayanan  
**Ombudsman**