

The complaint

Miss C complains that Everyday Lending Limited trading as Everyday Loans (Everyday Loans) treated her unfairly when she was trying to settle her loan early.

What happened

Miss C took out a loan of £8,471 in 2019, the term of the loan was 60 months, and the monthly repayments were £351.94.

In December 2022 Miss C asked Everyday loans to increase her monthly direct debit payment amount so she would be able to clear the loan by December 2023. This brought her monthly payments up to £562.67. She began paying this from January 2023.

In March 2023 Miss C called Everyday Loans to request a settlement figure for the loan. She had calculated an amount that she believed was outstanding based on what she was able to see on her credit file via a credit reference agency (CRA).

Everyday Lending told her the amount due as of that day – 27 March 2023 – was £5,039.99. This was higher than what Miss C thought and so she asked more questions around this, but was confused by the answers, and eventually spoke to a manager.

During the calls it was explained to Miss C that the outstanding balance on the loan as it stood was £7,255.40 and this included all of the future interest that would be included if she continued making monthly payments until the loan finished. But the £5,039.99 figure was what was owed now without the future interest.

Miss C wanted to know what would be left outstanding if she made a lump sum payment, taking into account her next monthly direct debit payment that was due the following day. Everyday Loans said it wasn't able to give her an accurate figure for this as the payments hadn't yet been made. The manager was able to give her an estimation that if she were to make a lump sum payment of £4,500, and the direct debit payment of £562.67 the following day was paid, the account would likely be left with a balance of around £70 - £90 for her to pay the following month. He explained that this would be due to the interest that would be added to the account on 1 April 2023. He explained the interest is calculated daily but applied to the account monthly.

Following this Miss C agreed with Everyday Loans that she would make the lump sum payment and would call back on 31 March 2023, once this payment and the direct debit had cleared, to get a final settlement figure for the loan including interest. The manager explained she would have 28 days from the settlement figure to pay the balance without accruing any further interest.

The balance remaining on the account following the payments was £96.90, as this wasn't cleared before Miss C's next direct debit was due. On 28 April 2023, Everyday Loans collected the direct debit payment for £562.67. Miss C noticed the payment on her bank account and claimed a direct debit indemnity through her bank to have the money returned to her and then paid the remaining balance by debit card.

Miss C complained to Everyday Lending as she found getting an accurate settlement figure from Everyday Loans confusing, and the information she was being given was conflicting, with the two figures quoted and the fact the CRA was displaying a different amount to what Everyday Loans were saying she owed. She thought she should be able to access this information online, rather than by phone and it should be a simple process. She was also upset that Everyday Loans collected a direct debit for much more than she owed and said this caused her financial difficulty.

Everyday Loans didn't uphold Miss C's complaint they felt that they had explained to Miss C the different figures she had been quoted on the calls and their meaning. They said they don't provide early settlement quotes that consider payments that are yet to be made, as they wouldn't be accurate because of the interest calculations. But the manager Miss C had spoken to had been able to give her a rough idea of what the outstanding amount would be. They also explained that the figures the CRAs display do not include any future interest, and this was the reason for the difference.

They said they are predominately a face-to-face lender and like to stay engaged with their customers and this is the reason they don't offer an online account facility.

Everyday Loans also said where a direct debit is for a set amount, they automatically take that amount regardless of the balance owing and if there is a surplus, they return this to the customer as soon as possible. But in Miss C's case she had claimed the money back on the same day through the direct debit indemnity scheme and so they couldn't see that they had caused any financial hardship.

Miss C remained unhappy with Everyday Loans' answer and so brought her complaint to this service. After initially upholding her complaint saying Everyday Loans had given Miss C confusing information, Everyday Loans provided copies of the calls between them and Miss C to the Investigator. Once he had listened to the calls the Investigator explained that he didn't think the information had been conflicting and that Everyday Loans had acted fairly towards Miss C, and so he didn't uphold her complaint.

Miss C disagreed and so the matter has been 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.

I realise that I've summarised this complaint in less detail than the parties and I've done so using my own words. I've concentrated on what I consider to be the key issues. The rules that govern this service allow me to do so. But this doesn't mean that I've not considered everything that both parties have given to me.

Having listened to the calls between Miss C and Everyday Loans I can understand that Miss C was confused by the figures she was being given. But I think that once she spoke to the manager, he was able to explain how the figures broke down more clearly and explain why they couldn't give an accurate settlement figure, until the payments had been made and the interest applied. Everyday Lending said they don't provide settlement quotes that take into account future lump sum or hypothetical payments that are yet to be made. And I don't think that's an unreasonable stance. I say that because interest is accrued daily so they need the payment to be reflected on the account to be able to know exactly when it was applied and what interest will be accrued, for a settlement figure to be calculated accurately.

I don't think Everyday Loans were being obstructive in not providing a settlement figure to Miss C here, as she had two payments due to be added to the account, the lump sum and the direct debit, which would affect the interest and therefore the settlement figure. And, although I think some of the information Everyday Loans gave Miss C was confusing, I think they were able to clear this up on the same day, when the call was passed to a manager.

CRAs display information provided to them by lenders, but as Everyday Loans explained to Miss C the information is only updated once a month. This means the balances they display are only accurate on the day the information is uploaded and it is out of date thereafter as interest is accruing daily on the account. Based on what I've seen, the information Miss C was relying had been provided to the CRA by Everyday Loans on 28 February 2023 and so by 27 March 2023, this was an out-of-date balance. And the accurate balance was the figure given to Miss C on the phone of £5,039.99.

Everyday Loans don't provide an online account facility to its customer's this is a commercial choice made by the business. And while I appreciate Miss C may have found this much more convenient it's not something that this service can interfere with. As we are here to make sure firms follow their internal processes and treat consumer's fairly, but that doesn't include getting involved in decisions the firms make about their business model or what their processes should be.

When Miss C made her lump sum payment, she was told she could settle the interest on 31 March and the loan would be fully settled, she said she was going to do this. As she didn't the direct debit stayed in force. Everyday Loans say their process is to take the full amount of a direct debit where there is a balance outstanding, and if that results in an overpayment then they refund the customer as soon as possible. This isn't what I'd expect it to do and think it should have only taken the outstanding balance left due on the account. Having said that, in Miss C's case she was able to claim the money back the same day. So, while I appreciate it may have caused her some inconvenience there was no financial loss here and so I won't be asking Everyday Loans to do anything here.

I know Miss C will be disappointed with this outcome. But my decision ends what we – in trying to resolve her dispute with Everyday Loans – can do for her.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 13 January 2024.

Amber Mortimer
Ombudsman