

## The complaint

Mr B, through a representative, says Everyday Lending Limited (ELL), trading as Everyday Loans, irresponsibly lent to him.

## What happened

Mr B took out an 18-month instalment loan for £2,400 on 7 February 2022. The monthly repayments were £257.42 and the total repayable was £4,633.56.

Mr B says the loan was unaffordable and he has suffered financial hardship as a result.

ELL says its checks were reasonable and proportionate. They showed Mr B could afford the loan.

Our investigator upheld Mr B's complaint. He said ELL completed proportionate checks but did not make a fair lending decision based on the information it gathered.

ELL disagreed with this assessment and asked for an ombudsman's review. It said, in summary, that the loan was affordable and:

- Whilst Mr B was over limit on two credit cards it was by small amounts that were then repaid, and it was over Christmas whilst he was away – and he was paying more than the minimum repayment on his cards typically.
- This loan was for debt consolidation.
- Mr B was making payments to a debt collections agency, not to a debt management plan. His only default was back in February 2018.
- He was not using payday loans, rather one line of high-cost revolving credit that he was settling with this loan.

I reached a different conclusion to the investigator so I issued a provisional decision. An extract follows and forms part of this final decision. I asked both parties to send any comments or new information by 29 December 2023.

### *Extract from my provisional decision*

*I have considered the following questions:*

- *did ELL complete reasonable and proportionate checks when assessing Mr B's loan application to satisfy itself that he would be able to repay the loan in a sustainable way?*
- *if not, what would reasonable and proportionate checks have shown?*
- *did ELL make a fair lending decision?*
- *did ELL act unfairly or unreasonably in some other way?*

*ELL asked for some information from Mr B before it approved the loan. It asked for details of his employment and income. It asked about his housing costs and estimated his other living*

*expenses using national statistics. It asked for a payslip to verify his declared income and for copies of his recent bank statements to sense check his outgoings. It asked for a copy of his rental agreement to verify his housing costs. It reviewed his credit file to understand his credit history and existing commitments. It asked about the purpose of the loan which was to repay two other credit accounts.*

*From these checks combined ELL concluded that Mr B would have monthly disposable income of £163.13 after taking on this loan and so it was fair to lend. I note its calculation, reasonably, took into account the reduction in Mr B's credit commitments due to the account ELL was settling directly, but left in the monthly cost of the account that Mr B was settling himself.*

*I think these checks were proportionate and based on the results I think ELL made a fair lending decision. I will explain why.*

*I am satisfied ELL adequately verified all the inputs into its affordability assessment and this showed Mr B would have £163.13 monthly disposable income after taking on this loan. I don't think there was anything in the other information it gathered that ought to have raised concerns. Mr B was taking out this loan to repay two revolving accounts in full. His overall indebtedness at the time was not high at £3,772 across five accounts. And his active credit was well-managed with no missed payments.*

*I accept his credit check showed a historical reliance on payday loans. But that was in 2017 and he was in an arrangement to repay the one account that defaulted in 2018. So I don't think these historic issues were reason enough not to lend to Mr B in 2022, particularly when the purpose of the borrowing was debt consolidation. Mr B's goal was to move from open-ended lines of credit to a time-limited instalment plan. He was not using an overdraft facility, nor were there other signs of financial pressure such as returned direct debits.*

*It follows I don't think ELL was wrong to lend to Mr B.*

*I haven't seen any evidence it acted unfairly towards him in some other way. I understand there is an outstanding balance on the loan and I would remind ELL of its obligation to treat Mr B fairly and sympathetically if he now needs to arrange a payment plan. Equally Mr B should comply with any request from ELL for up-to-date income and expenditure information.*

Neither party responded to my provisional decision.

### **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.

Our approach to unaffordable/irresponsible lending complaints is set out on our website and I've followed it here.

As neither party sent in any comments or new evidence in response to my provisional decision I have no grounds to alter the findings or outcome I set out.

It follows, for the reasons set out above, I do not find ELL lent irresponsibly to Mr B.

### **My final decision**

I am not upholding Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 31 January 2024.

Rebecca Connelley  
**Ombudsman**