

## **The complaint**

Mr B, who is represented by a third party, complains that Everyday Lending Limited ("Everyday Lending"), trading as George Banco.com, irresponsibly granted him a loan he couldn't afford to repay.

## **What happened**

In October 2016, Mr B took out a fixed sum loan agreement for a loan for £3,500 that was payable over 36 months. The purpose of the loan was to pay for car repairs. Under the terms of the loan agreement Mr B was required to pay monthly repayments of £170.50. The total repayable under the agreement was £6,138.

Mr B said Everyday Lending didn't complete adequate affordability checks. Everyday Lending didn't agree. It said it carried out a thorough assessment which included checks that were fair and proportionate.

Our Investigator didn't recommend the complaint be upheld. She thought Everyday Lending didn't act unfairly or unreasonably by approving the finance agreement.

As Mr B didn't agree, his complaint has been passed to me for a final 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.

Everyday Lending will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

I've seen that Everyday Lending asked Mr B for details of his income, housing costs and regular expenditure as part of the application process. Mr B was earning an average monthly income of around £1,800, had rental costs of £350 each month and said his other living costs were around £700. Mr B also told Everyday Lending he had a monthly payday loan commitment of £520. I note that Everyday Lending decided not to take the payday loan commitment into account. Had it done so, it appears that Mr B may have only had disposable income of around £45.

I've also seen that whilst Mr B didn't have any recent adverse markings on his credit file, he did have a number of historical defaults which the credit check showed totalled at around £4,300. This was in addition to the sum of £815 he had by way of existing credit debt. I think all of this does suggest there was a risk that Mr B could be struggling financially. I therefore consider that before agreeing the loan, Everyday Lending ought to have done more to ensure its checks were proportionate by gaining a more thorough understanding of Mr B's financial circumstances. This would have included asking him for more detail about his regular monthly expenditure.

I've attempted to consider what Everyday Lending would likely have found out if it had completed reasonable and proportionate affordability checks. We asked Mr B to provide us with evidence of his financial circumstances at the time the lending was taken out. I appreciate this is something that takes time and creates some inconvenience, especially when it involves obtaining historical information such as bank statements. But the information Mr B eventually sent us was only selected pages from his bank statements, which doesn't provide an adequate enough indication of his financial circumstances at the time. I therefore agree with our adjudicator that the information they show unfortunately isn't enough to be able to fairly determine what proportionate checks would have been likely to show Everyday Lending, had it carried out additional checks.

That means Mr B hasn't been able to demonstrate the agreement was unaffordable. I therefore can't reasonably conclude that Everyday Lending ought to have known he would struggle to make the repayments.

It follows that, based on what I've seen I don't think that taking on the monthly payments required under the agreement could be considered to be unaffordable at the time Mr B applied for the loan. I therefore don't think Everyday Lending acted unfairly in approving his application.

I am sorry to have to disappoint Mr B on this occasion.

### **My final decision**

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 25 August 2023.

Michael Goldberg

**Ombudsman**