

Complaint

Mr A has complained about a loan Everyday Lending Limited (trading as “Everyday Loans”) provided to him. He says the loan was unaffordable.

Background

Everyday Loans provided Mr A with a loan for £4,100.00 in October 2021. This loan was due to be repaid in 48 monthly instalments of just under £212.87.

One of our investigators reviewed what Mr A and Everyday Loans had told us. And he thought that Everyday Loans hadn’t done anything wrong or treated Mr A unfairly. So he didn’t recommend that Mr A’s complaint be upheld. Mr A disagreed and asked for an ombudsman to look at his 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 Mr A’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 Mr A 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 Mr A’s application after he provided details of his monthly income and some information on his expenditure. It says it cross-checked this against information on a credit search it carried out and Mr A’s bank account statements which he was asked to provide. In its view all of this information showed Mr A could afford to make the repayments he was committing to. On the other hand, Mr A has said he should never have been provided with this loan.

I’ve carefully thought about what Mr A and Everyday Loans have said.

The first thing for me to say is that Everyday Loans clearly asked Mr A to provide quite a bit of documentation to support his application. 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.

Indeed, Mr A was asked to provide bank statements. Everyday Loans' credit searches also showed the existing debts and defaults Mr A has referred to. But having reviewed Mr A's statements, I can't see anything obvious on them which indicated Mr A wouldn't be able to make the repayments to this loan even allowing for reasonable payments to his defaulted accounts. And I don't agree that Everyday Loans needed to obtain even more bank statements from Mr A – particularly as there isn't a set requirement to even obtain any bank statements in the first place.

I've seen what Mr A has said about being told to apply for a loan of £4,100.00, rather than £4,000.00 as it had more chance of being approved. I don't know if Mr A was told this or whether the £100 did actually improve the chances of Mr A's application being approved. But what is clear is that Mr A knew his application was for £4,100.00 and that's the amount he received.

I accept that Mr A says he experienced difficulty making the payments. But Everyday Loans could only make a reasonable decision based on the information it had available at the time. And the information it had and which I've been provided with now all point to the loan being affordable at the time. As this is the case, I don't think that Everyday Loans did anything wrong when deciding to lend to Mr A.

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

Although I'm not upholding Mr A's complaint, I would remind Everyday Loans of its continuing obligation to exercise forbearance and due consideration should be the case that Mr A is experiencing difficulty and it chooses to collect payments from him.

My final decision

For the reasons I've explained, I'm not upholding Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 7 November 2023.

Jeshen Narayanan
Ombudsman