

The complaint

Mrs G complains that Everyday Lending Limited trading as Everyday Loans lent irresponsibly when it approved a loan in her name.

What happened

Mrs G has explained that when she first spoke with Everyday Loans she discussed a loan of £1,000 over a 12 month term. But when Mrs G visited Everyday Loans to complete the application she's told us the advisor persuaded her to apply for a higher amount of £3,500 over two years.

Everyday Loans says that when the advisor was discussing the loan of £1,000 with Mrs G they found multiple credit cards and commitments on her credit file and suggested she consolidate them to one debt to reduce her overall outgoings. As a result, Everyday Loans completed an application for £3,500 with a view to Mrs G repaying debts with several creditors.

During the application process, Everyday Loans asked Mrs G to provide two months bank statements and a payslip. Everyday Loans used Mrs G's earned income, benefits and rent she receives from a tenant to reach her monthly income figure. Everyday Loans says it took information about Mrs G's outgoings from her and also applied baseline living expenses from the Office of National Statistics to assess her expenditure. Everyday Loans says Mrs G's loan for £3,500 was approved in line with its lending criteria and that a credit agreement, confirming the total amount repayable of £6,639.60, was signed by her.

Earlier this year, Mrs G complained that Everyday Loans had lent irresponsibly when it approved the loan in December 2021. Everyday Loans issued a final response on 2 May 2023 but didn't agree it had lent irresponsibly. An investigator at this service looked at Mrs G's complaint. They didn't think Everyday Loans had made a mistake when approving Mrs G's loan and didn't uphold her case.

Mrs G asked to appeal and said that before she'd attended the meeting she had been accepted for a loan of £1,000. Mrs G says Everyday Loans had instead given her a much higher loan over a longer term. As Mrs G asked to appeal, her complaint has been passed to me to make a 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 considering complaints about unaffordable and irresponsible lending is set out on our website. I've had this approach in mind when considering what's fair and reasonable in the circumstances of this complaint.

Before providing credit, lenders need to complete reasonable and proportionate affordability checks. There isn't a set list of checks a lender is required to carry out, but it needs to

ensure the checks are proportionate when considering things like: the type and amount of credit being provided, the size of the regular repayments, the total cost of the credit and the consumer's circumstances.

Mrs G has explained that when she first discussed a loan with Everyday Loans she only wanted to apply for £1,000 over a 12 month term. But Mrs G says the advisor persuaded her to take a higher amount. I take Mrs G's point, but Everyday Loans has explained the loan was increased in order to repay some of Mrs G's other debts with a view to bringing down her monthly outgoings. So whilst that meant Mrs G's borrowing with Everyday Loans increased along with the term and monthly payment, the loan was intended to reduce Mrs G's outgoings overall by repaying various debts she had at the time.

I've looked at the information on file from all parties to see whether Everyday Loans carried out reasonable and proportionate checks to see whether repayments were affordable before approving the loan. Everyday Loans has provided a copy of Mrs G's credit file it obtained during the application process. I can see the debts Everyday Loans included in the application feature on Mrs G's credit file. So I'm satisfied Everyday Loans was aware of what Mrs G owed elsewhere as well as the debts that were intended to be consolidated to the new loan and factored that in when reviewing the application.

Everyday Loans also asked Mrs G to provide bank statements and a payslip to verify her income. I've reviewed the information on file and I'm satisfied Everyday Loans used an accurate income figure when assessing her application. I haven't seen anything that shows the income was inflated or incorrect.

Mrs G says Everyday Loans used inflated expenditure figures when assessing her loan. But Everyday Loans' final response explains it uses ONS data to provide a baseline figure for outgoings which are then verified against information in the application. I appreciate that means some outgoing figures used were from the ONS data, but I'm satisfied that was a reasonable approach when assessing Mrs G's loan application.

Once Everyday Loans approved the loan application it was up to Mrs G to decide whether to proceed. I accept that the loan amount was higher than originally discussed, but I'm satisfied Everyday Loans made the amounts repayable and monthly payments clear in the credit agreement. I'm satisfied Mrs G was given the necessary information before deciding whether to proceed.

I'm very sorry to disappoint Mrs G but I've reviewed the application information Everyday Loans had available and I'm satisfied it carried out reasonable and proportionate checks. I haven't been persuaded that Everyday Loans lent irresponsibly in this case.

My final decision

My decision is that I don't uphold Mrs G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 2 November 2023.

Marco Manente
Ombudsman