

The complaint

Mr S has complained that Everyday Lending Limited trading as “Everyday Loans” acted irresponsibly when it provided him with a loan in July 2019.

Background

Mr S borrowed £1,500 from Everyday Loans in July 2019. The loan was for 18 months and the monthly repayments were £177.73, which means Mr S would repay a total of £3,199.14 by the end of the loan term. The declared purpose of the loan was debt consolidation.

Mr S has told us that the loan was unaffordable to him and believes Everyday Loans shouldn't have approved it. He says that at the time of lending he was already struggling financially, had a number of existing payday loans in his name, and was gambling compulsively. He believes Everyday Loans acted irresponsibly when it provided him with the additional funds.

Everyday Loans has said that it ran all the necessary checks at the time Mr S applied for the loan, including reviewing bank statements, Mr S' credit file and asking for proof of earnings as well as completing an income and expenditure form. Having done that it was satisfied that the loan was affordable and would reduce Mr S' monthly outgoings as it would consolidate his existing debt for a lower monthly amount. It said it did ask Mr S if he gambled regularly but Mr S said he didn't and it also noted there were only two or three gambling transactions across the two months of bank statements it reviewed. For those reasons it didn't think it had done anything wrong and didn't uphold Mr S' complaint.

Mr S disagreed and brought his complaint to our service. One of our investigator's looked into Mr S' complaint already. She found that based on the information available to Everyday Loans at the time, including evidence for Mr S' outstanding debt, income and bank statements, that the business hadn't done anything wrong when it agreed to give Mr S the loan. So, she didn't uphold his complaint.

Mr S asked for an ombudsman to review his complaint afresh and so it's been passed to me to consider.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so I agree with the outcome reached by our investigator and for much the same reasons. I have set out my explanation below.

At the time of applying for the loan from Everyday Lending, Mr S was working two jobs, with a combined monthly income of over £1,850 and had some existing debt through open payday loans and credit cards, which came to just under £700 a month. He has explained he was living with family and was paying £250 a month towards bills and rent. So, on the face of it, it seems as though the loan was affordable, and Mr S should've had sufficient funds

available to him to meet the monthly repayments of £177.73 without problem.

However, it's also important to consider whether or not the loans would be sustainable over the full loan term. Mr S has said that he initially applied for £500 online and was approved for that. He then spoke to an agent from Everyday Loans over the phone and arranged to meet him in store to complete his application there. Neither party has confirmed this but I am assuming that during that meeting the loan amount was increased in order to consolidate all of Mr S' existing debt, repaying the payday loans and leaving some funds left over once that was done.

Mr S has told us that he was gambling heavily at the time in a way that was both compulsive and damaging. I don't doubt this was the case. However, in order for a business to provide proper support or consideration for consumers who may be spending money in a harmful way, it has to be aware of the problem. Mr S has told us that he would withdraw cash from ATMs to gamble with. This means there was little to no evidence of gambling on Mr S' bank statements. So, the only way the business could've become aware of it is if Mr S told it directly what he was doing.

I've listened to a number of calls between Mr S and the Everyday Loans agent he was dealing with. I note that in the first detailed call between them the agent asks Mr S directly if he likes to bet, and if he does how frequently he does it. Mr S answers the question saying he only gambles once in a while and not very much. He goes on to say he may make about three bets a month or so.

I appreciate that Mr S was likely trying to minimise his gambling spend in order to get the loan approved. But I can only consider the lending decision made by the business based on the information it had available to it at the time. If the business was given incorrect information, that it wasn't able to disprove by other means, for example bank statements that show lots of gambling, then I can't say it was wrong to take Mr S on his word. And looking at the other information available to the business at the time, I can't see how it could've been aware that Mr S was gambling compulsively when he applied for the loan. So I can't uphold Mr S' on this basis as it wouldn't be reasonable to do so.

Therefore having taken everything Mr S has told us into consideration, as well as everything Everyday Lending has told us, I can't say that the business failed to run sufficient checks when Mr S applied for the loan, or that it should've realised that he had a gambling problem. And for those reasons I can't uphold his complaint.

I appreciate this outcome will disappoint Mr S and I hope he is doing better now. Organisations like Gamcare and the Gambling commission offer additional support to consumers who find themselves in difficult situations related to gambling. Mr S may find some of their information helpful.

My final decision

For the reasons set out above I don't uphold Mr S' complaint against Everyday Lending Limited trading as "Everyday Loans".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 6 May 2022.

Karen Hanlon
Ombudsman