

## **The complaint**

Mr Q complains Everyday Lending Limited trading as Trusttwo irresponsibly approved him for a loan.

Mr Q is represented by a claims management company. For ease I'll refer to all submissions as if they were made directly by him.

## **What happened**

Trusttwo approved Mr Q for a £6,000 in April 2018. The term of the loan was 48 months; with repayments of approximately £255. Mr Q says the loan was irresponsibly lent; as Trusttwo did not complete reasonable and proportionate checks. He says had Trusttwo done this it would've seen the loan was unaffordable to him and not approved it.

Our investigator considered Mr Q's complaint but did not recommend it be upheld. She felt Trusttwo had completed reasonable and proportionate checks; and it had made a fair decision to lend. In coming to this conclusion she said:

- Trusttwo had verified Mr Q's income via payslips and a third party online tool;
- Mr Q had explained this loan was consolidating his existing debts. Trusttwo had searched Mr Q's credit file and confirmed details of his existing debts; and was entitled to rely on this information;
- When taking the above into consideration; the checks showed Mr Q would likely be able to afford the loan whilst consolidating his existing debts.

Mr Q disagreed. He remained of the view that Trusttwo should've completed further checks; and had it done so it would've seen he was spending large amounts of money on gambling. He says the loan was unaffordable and Trusttwo's decision to lend was unfair.

## **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.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website. I've used this approach to help me decide this complaint.

Trusttwo needed to take reasonable steps to ensure it responsibly lent to Mr Q. The relevant rules, regulations and guidance at the time Trusttwo lent required it to carry out reasonable and proportionate checks. These checks needed to assess Mr Q's ability to afford the loan and repay it sustainably over its term without causing him financial difficulties.

There isn't a set list of checks a lender needs to carry out, but they should be proportionate, taking into account things like the type, amount, duration and total cost of the credit, as well as the borrower's circumstances.

I agree with our investigator that in this instance Trusttwo completed proportionate checks. Mr Q declared that this application was for debt consolidation; including an existing high cost guarantor loan. Trusttwo sought to verify Mr Q's income via copies of his payslips; and using a third party online tool to verify this amount. It also completed a search of Mr Q's credit file; and established Mr Q's existing credit commitments; including the debts he was seeking to consolidate. It also asked Mr Q to provide information about his other regular outgoings and spending.

The checks Trusttwo demonstrated that Mr Q earned between £1,300 and £1,400 monthly. Trusttwo used the lower figure to conduct Mr Q's affordability assessment.

The search of Mr Q's credit file showed that his total existing credit balance was around £5,300. This was made up largely with an existing guarantor loan that he was looking to consolidate with the Trusttwo loan. The credit search did show that Mr Q had issues managing his credit in the past (but necessarily recently); and that he had some existing defaults. The amounts being paid towards these were nominal; and the Trusttwo loan was also being used to consolidate some if not all of these.

Trusttwo also took details of Mr Q's other expenses; including his living costs. Mr Q declared he was living at home with family; and not paying rent or mortgage.

Considering that these checks gave Trusttwo a good understanding of Mr Q's financial circumstances (and importantly included verification of his income and a good awareness of the debt he was seeking to consolidate); I'm satisfied the checks were proportionate in this instance.

Based on the information that Trusttwo gathered I'm also satisfied that it made a fair decision to lend in this instance.

Trusttwo's calculations show that after taking into consideration the consolidation that Mr Q was seeking to complete; he would be left with sufficient disposable income to meet this commitment sustainably. I'm satisfied that Trusttwo was entitled to rely on the information Mr Q provided; and the fact that he was intending to use this loan to consolidate his existing debts. I also note that the loan which Trusttwo was providing had a likely lower interest rate than that of the existing guarantor loan Mr Q had. So it was providing a loan that appeared affordable to him; and at better rates. Considering this; I'm persuaded in this instance that Trusttwo made a fair decision to lend.

Mr Q says his outgoings were higher than those declared; and this was because he was gambling. Whilst I've no reason to doubt Mr Q; I've explained above that I'm satisfied the checks Trusttwo completed in this instance were proportionate; and importantly they did not show signs that Mr Q's declared information was incorrect or unreliable. This means I'm satisfied it did not need to get further information from him before proceeding to agree the loan. I've also not been provided information from Mr Q which demonstrates that he made Trusttwo aware his outgoings were higher than those he mentioned. Trusttwo is entitled to rely on the information which was provided by Mr Q. And for the reasons I've set out above I'm satisfied that in this instance Trusttwo made a fair decision to lend.

### **My final decision**

My final decision is that I do not uphold this complaint against Everyday Lending Limited

trading as Trusttwo.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Q to accept or reject my decision before 29 June 2022.

Tom Whittington  
**Ombudsman**