

## The complaint

Mrs M complains Everyday Lending Limited (trading as George Banco.com) irresponsibly lent to her as it didn't complete reasonable and proportionate checks.

## What happened

Mrs M was accepted for three loans with George Banco between May 2014 and October 2015:

Date of loan	Value	Term	Monthly repayments	Total repayable value
May 2014	£5,000.00	60 months	£225.30	£13,518.00
April 2015	£6,200.00	60 months	£266.72	£16,003.20
October 2015	£7,500.00	60 months	£281.90	£16,914.00

In 2017 Mrs M brought a complaint to our service about the irresponsible lending of these loans. This complaint was reviewed under a different reference. The complaint wasn't upheld and was closed.

In 2019 Mrs M contacted us and made this complaint about irresponsible lending. During the complaint journey she provided us with a final response from George Banco dated October 2020. This upheld loans 1 and 3 and defended the sale of loan 2.

Although it had upheld loans 1 and 3, George Banco said there was no refund due to Mrs M. It said the payments Mrs M had made to the three loans hadn't been more than the total capital she'd borrowed. However, it did say a payment was due to the guarantor and it made separate arrangements to contact them about the refund. Mrs M disagreed with George Banco's response. She said as the loans were mis-sold she should be compensated.

Initially a case handler reviewed the complaint and said it wasn't one we could look at. They said this was because it was the same complaint Mrs M had made in 2017, which had been resolved. An ombudsman reviewed the complaint and decided we could look at it. In summary, they said Mrs M had responded to us on the previous complaint after receiving the outcome, but we hadn't progressed Mrs M's complaint forward as we should have.

The complaint was then reviewed by another case handler who said Mrs M wasn't due a refund. He said Mrs M's payments to the three loans hadn't exceeded more than the capital she'd borrowed, and George Banco's offer to refund the guarantor was fair.

Mrs M disagreed with the outcome, so the complaint has been passed to me to decide.

## 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 service's approach when awarding redress is to ensure a consumer hasn't been financially disadvantaged by a business' error. That is to say we would look to put

consumers back in the same position they were in before any error had occurred. However, in cases where a business has lent irresponsibly this isn't entirely possible, as the lending or credit provided cannot be undone. So, our general approach may be to require the lender to refund all fees and charges the consumer has paid; and add interest to that amount (if appropriate). We'd also expect any negative information that may have been recorded on a credit file to be removed.

The important thing to note here is that Mrs M has had the benefit of the money she borrowed. We call this figure the 'capital amount'. So, we would normally expect this amount to be repaid by the consumer. Any payments over this 'capital' amount may be refunded to the consumer.

George Banco has defended loan 2 and upheld loans 1 and 3. Our usual approach when reviewing a complaint like this would be to consider if George Banco made a fair lending decision at loan 2 – and whether its redress on loans 1 and 3 is in line with our approach.

Mrs M was lent a total capital amount of £7,549.80 across the three loans. This is broken down as £5,000 at loan 1, £1,428.89 at loan 2 and £1,120.91 at loan 3. The remaining balances of loans 2 and 3 repaid the previous loans with George Banco.

George Banco has said the payments Mrs M's made across all three loans haven't totalled more than the capital amount she borrowed. I've seen Mrs M's payments towards loan 1 and 2 came to just over £4,000 while they were active. Both George Banco and Mrs M have said some payments were made to loan 3 before the guarantor needed to step in – and Mrs M hasn't disputed her payments to George Banco towards loan 3 haven't totalled more than the capital borrowed.

So, in the circumstances I'm satisfied George Banco's approach here is fair. The total payments Mrs M's has made to George Banco haven't added up to more than she borrowed across the three loans. So, she isn't entitled to any further redress from George Banco.

When the guarantor stepped in and made payments, over time they had the effect of repaying the total capital Mrs M borrowed; and went towards the interest and charges added to the loans. That's why George Banco's conclusion to refund the payments above the capital borrowed to the guarantor and not Mrs M is fair in the individual circumstances.

I asked George Banco to confirm if any negative information had been recorded on Mrs M's credit file in relation to any of the loans. It said it didn't believe it had – but wasn't definitive in its comments. So, I asked Mrs M if she could send us her credit file. Mrs M has provided extracts from her credit file. On review of the information Mrs M has provided, it doesn't appear George Banco has registered any negative information on her credit file in relation to any of the loans. So, I don't find it needs to take any further action in this respect.

I know Mrs M will likely be disappointed with this decision, but I hope my explanation clarifies the outcome I've reached.

### **My final decision**

For the reasons set out above, my decision is that I uphold Mrs M's complaint about Everyday Lending Limited (trading as George Banco.com) but it doesn't need to take any further action in resolution of the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 29 November 2021.

Richard Turner  
**Ombudsman**