

The complaint

Mr M is complaining through a third-party representative that Everyday Lending Limited (“ELL”) irresponsibly lent to him.

What happened

The details of this complaint are well known to both parties, so I won’t repeat them again here. The facts are not in dispute, so I’ll focus on giving the reasons for my decision. ELL has disagreed with the investigator’s view as it believes it lent fairly.

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.

Having done so, I agree with the conclusions reached by investigator for these reasons:

Loan 1

- ELL’s checks went far enough, it requested bank statements, payslips, carried out a credit search, I think it got a reasonable understanding of Mr M’s finances. However, I don’t think it reacted appropriately to the information it gathered.
- ELL’s checks showed that Mr M was heavily reliant on credit, while his credit file showed three active high cost loan, it also showed that he was close to the limit on two of his credit cards and had used around half of his credit limit on a third card.
- The bank statements showed that Mr M was borrowing from at least eight other high cost lenders and even though he was consolidating some of this borrowing, I think ELL should reasonably have known that Mr M was in a cycle of borrowing and that further borrowing was likely to cause him further adverse financial impact, particularly given the length and the cost of this loan.
- On this basis, ELL shouldn’t have lent loan 1 to Mr M and it needs to put things right.

Loan 2

- ELL has provided evidence to show that this loan was unwound within 14 days and so Mr M hasn’t suffered a loss in relation to this loan. I won’t be asking ELL to do anything further.

Putting things right

- refund all interest and charges Mr M paid on loan 1;
- pay interest of 8% simple a year on any refunded interest and charges from the date they were paid (if they were) to the date of settlement†;
- remove any negative information about the loan from Mr M’s credit file;

† HM Revenue & Customs requires ELL to take off tax from this interest. ELL must give Mr M a certificate showing how much tax it’s taken off if he asks for one.

My final decision

I uphold Mr M's complaint and direct Everyday Lending Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 March 2022.

Oyetola Oduola
Ombudsman