

The complaint

Miss B has complained that Everyday Lending Limited trading as Everyday Loans (EDL) lent to her irresponsibly.

What happened

I issued a provisional decision about this complaint that I summarise below.

Miss B was given a loan of £1,500 by EDL in January 2017. The loan was due to be repaid in 24 monthly instalments of around £138. The total amount payable, including interest was just over £3,324.

I explained the basis on which I would decide the complaint, in particular the checks that EDL needed to do such as the amount being lent, and the consumer's income and expenditure. I said that EDL was required to carry out reasonable and proportionate checks in order to establish whether Miss B could sustainably repay her loan.

EDL carried out some checks before it gave the loan to Miss B. This included asking for details of her financial circumstances and acquiring a credit report, reviewing bank statements and a job check. EDL assessed Miss B's regular expenses and calculated the minimum amount she had to repay her creditors each month.

I'd seen a summary of the information gathered by EDL at the time. Miss B's credit report shows a total revolving balance outstanding of around £1,522 from 6 credit accounts. Whilst Miss B had made some late payments, I didn't think that her credit report overall ought reasonably to have caused EDL any additional concerns.

From what I'd seen, the purpose of Miss B's loan was debt consolidation. The net monthly cost of the loan would have slightly exceeded the minimum amounts that EDL calculated Miss B had to repay existing creditors. But I think it would have been reasonable for EDL to have considered that its loan could have enabled Miss B to potentially make significant inroads into her existing debts.

I also considered the bank statements from Miss B's account with Barclays that EDL reviewed at the time. Miss B was sometimes spending more than EDL had assessed. But I didn't think EDL would reasonably have thought the bank statements it reviewed indicated that Miss B was experiencing significant financial distress - such as serious gambling or repeated borrowing from multiple short-term lenders, or frequently returned requests for payment – all of which might have suggested to EDL that Miss B was having serious difficulties managing her money or that she might be dependent on high cost borrowing.

Miss B was making transfers from her Barclays account, into and out of other accounts. The purpose of these transfers is not very clear from the statements, but it does seem that at times, Miss B went overdrawn on her Barclays account and then transferred funds

into that account to improve the account balance. I accept that Miss B says she was transferring funds out of her Barclays account in order to pay other expenses, but I thought it

was equally likely that these transfers in and out of her account could reasonably have suggested to EDL that Miss B was managing her money quite carefully, and that she had other funds available with which to occasionally 'top up' her account when necessary.

In the circumstances, I thought the checks that EDL carried out when Miss B took her loan are likely to have been reasonable and proportionate. I couldn't fairly say that EDL ought reasonably to have concluded from its checks that Miss B was having such serious problems managing her money that it ought to decline her application for the loan. Miss B might not agree with the way that the lender assessed her application. But I couldn't fairly say that I thought EDL acted irresponsibly when it provided the loan to her.

I hadn't seen anything which made me think that EDL acted unfairly or unreasonably towards Miss B in some other way. I said I didn't intend to uphold the complaint and I invited the parties to provide any further evidence or comments before I made my final decision.

I have not seen any new information from EDL in response to my provisional findings. Miss B has provided a lot of further information including bank statements and other documents which she says supports her complaint. I have reviewed everything that has been sent to us but in summary, Miss B says she had poor mental health, was heavily in debt, struggling to hold down her job and always switching money around in her accounts. Miss B says her poor mental health meant she was spending impulsively, missing repayments and was always in a negative balance. She feels she wasn't in her right mind to take a loan. Miss B says she explained her situation to EDL, but it still approved the loan.

Miss B has also provided information which she says shows she was in rental and council tax arrears; and she has sent a list of unpaid direct debits and returned standing orders which she says are from her other accounts.

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.

I'd like to thank both parties for all the information that has been provided about this matter and Miss B for responding to my provisional decision with further information.

I have looked at all the additional information that Miss B has provided, and I have thought very carefully about everything that both she and EDL have told us. On balance, Miss B's further information does not change my mind about her complaint.

I can't fairly say that I think EDL ought reasonably to have had additional concerns about Miss B's financial position, based on the information that it gathered at the time. Or that the information gathered ought reasonably led EDL to conclude that the loan application should be declined.

I don't think it would've been proportionate for EDL to ask Miss B for the amount of information that would be needed to show the lending was unsustainable before agreeing to the loan. I think that it was reasonable for EDL to make its lending decision based on the information Miss B had provided and what it found in proportionate checks. In the circumstances, I don't think greater checks, such as requesting statements from Miss B's other accounts or requiring a rent ledger or proof of her council tax position, were appropriate at the time.

I appreciate that Miss B says her financial situation was much worse. But this doesn't appear to be something she shared with EDL at that time, or something that I think proportionate checks would have uncovered. Miss B has told us that she *did* tell EDL about her true financial situation. But I haven't seen enough evidence to confirm that EDL was made aware that Miss B had significant financial difficulties, such that it would be irresponsible to lend to her. Miss B has also complained that she was a vulnerable consumer. I am very sorry to hear that Miss B was struggling with poor mental health when she applied for her loan. But from what I've seen, I don't think EDL could reasonably have known that she might have been a vulnerable consumer when it made its lending decision. And I have not seen enough evidence that confirms that EDL was made aware of this possibility at the time.

I am sorry that Miss B is struggling with financial problems, but on balance, I can't fairly conclude that EDL acted irresponsibly or unfairly when it gave her the loan.

I realise that Miss B feels very strongly about her complaint but having carefully considered all the evidence, arguments and information I've seen, (including everything sent in response to my provisional findings) I confirm the conclusions I reached in my provisional decision. I do not uphold Miss B's complaint.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against Everyday Lending Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 13 December 2021.

Sharon Parr
Ombudsman