

The complaint

Mrs C complains that Everyday Loans Limited ("Everyday Loans") lent her a loan she couldn't afford.

What happened

The details of this complaint are well known to both parties, so I won't repeat them all again here.

Everyday Loans lent Mrs C £2000 in April 2019, this is not in dispute, so I'll focus on giving the reasons for my decision about this loan.

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.

The investigator concluded Everyday Loans did not make a fair lending decision. I agree with the investigator's findings for these reasons:

- Everyday Loans says it carried out proportionate checks before agreeing to lend to Mrs C. It says it asked her about her income and expenditure as well as go through a credit search and also look through 2 months' worth of bank statements. It used the information it gathered to assess the affordability of the loan for Mrs C.
- The loan was due to be repaid over 18 monthly instalments of around £175 and Everyday Loans says Mrs C asked for the loan for debt consolidation. When I look at Everyday Loans calculations, I can see that, on the surface of it, it had worked out that Mrs C would have enough disposable income to afford the loan repayments. But like the investigator, on balance I don't think Everyday Loans made a fair lending decision with what it had in front of it.
- I say this because when I look through the bank statements that Everyday Loans collated and I can see that Mrs C had taken out 7 payday loans leading up to asking for this loan, information that it would also have seen.
- Everyday Loans says it was helping Mrs C by lending her money to consolidate these loans. But I can see that Mrs C had enough disposable income according to Everyday Loans assessment to be able to afford to repay what she owed without this loan. And she would have been able to repay these loans a lot earlier than the 18-month loan term that she was signing up to with it.
- On seeing the information provided within the bank statements, I think it ought to have become clear to Everyday Loans that Mrs C was having problems managing her finances. She was unable, up to the point she asked for this loan, to repay the credit commitments that she had already taken out without having to borrow further. I

can see looking at all the information gathered, that she had become reliant on short term lending. And for the reasons I have already given, I don't think providing her with another loan over a longer term was being borrower focused towards Mrs C. In these circumstances, Everyday Loans should reasonably have concluded that it was not fair to lend to Mrs C.

- So, it follows that I uphold Mrs C's complaint. Everyday Loans now needs to put things right.

Putting things right

While I think Everyday Loans shouldn't have lent to Mrs C, I think it will be fair for her to repay the capital of £2000 which she borrowed. So, to put things right, Everyday Loans should:

- add up all the payments made by Mrs C, if it exceeds the capital amount of £2000, then the overpayments plus 8% simple interest* should be paid to Mrs C, remove any adverse information recorded on Mrs C's credit file as a result of this loan.
- If there is a balance outstanding, Everyday Loans should treat Mrs C fairly and look to arrange a payment plan that is affordable for her.

*HM Revenue & Customs requires Everyday Loans to deduct tax from the interest payment referred to above. Everyday Loans must give Mrs C a certificate showing how much tax it's deducted if she asks it for one.

My final decision

My final decision is that this complaint should be upheld 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 Mrs C to accept or reject my decision before 9 April 2022.

Mark Richardson
Ombudsman