

## **The complaint**

Miss S has complained that Everyday Lending Limited (EDL) lent to her irresponsibly.

## **What happened**

Miss S was given a loan of £5,100 by EDL in May 2019. This was due to be repaid in 36 monthly instalments of around £368. The total amount payable, including interest, was just over £13,266. I understand the loan has been settled.

One of our adjudicators looked into the complaint. He didn't think that EDL had done anything substantially wrong in providing the loan to Miss S. She didn't agree with the adjudicator's assessment, and so the complaint has been passed to me to decide the matter.

## **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 considering unaffordable and irresponsible lending complaints on our website - including the key relevant rules, guidance, good industry practice and law. And I've considered this approach when deciding Miss S's complaint.

There are some overarching questions I need to consider in order to decide what's fair and reasonable in the circumstances of this particular complaint:

- Did EDL complete reasonable and proportionate checks to satisfy itself that Miss S would be able to repay the loan in a sustainable way? If so, did it make a fair lending decision? If not, what would reasonable and proportionate checks have shown at the time?
- Did EDL act unfairly or unreasonably in some other way?

EDL needed to take reasonable steps to ensure that it didn't lend to Miss S irresponsibly. This means that it should have carried out proportionate checks to satisfy itself that she could repay the loan in a sustainable way. The lender was required to carry out a borrower focussed assessment - sometimes referred to as an "affordability assessment" or "affordability check".

These checks could take into account a number of different things, such as the loan amount, the repayment amounts and Miss S's income and expenditure. But there was no set list of checks EDL had to do.

In light of this, I think that a reasonable and proportionate check ought generally to have been more thorough:

- the *lower* a customer's income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income); and
- the *longer* the term of the loan (reflecting the fact that the total cost of the credit is likely to be greater and the customer is required to make payments for an extended period).

EDL carried out some checks before it lent to Miss S. This included asking for details of her income and rent, carrying out some credit checks and requesting bank statements. EDL calculated Miss S's regular living expenses using ONS data and assessed her monthly credit commitments.

I've seen a summary of the information gathered by EDL, including the credit report and bank statements Miss S provided to EDL at the time. From what I've seen, I think the checks that EDL carried out before lending to Miss S were reasonable and proportionate, in the circumstances.

The credit report acquired by EDL showed Miss S had outstanding credit of around £7,500 but there was little adverse information on the credit report. From what I've seen, EDL was aware from Miss S's credit report and her bank statements that she had regularly been taking high cost short term lending in the months leading up to her loan application. But I don't think EDL ought reasonably to have concluded from Miss S's bank statements that there were signs of significant financial distress, such as regular high levels of gambling or significant bank charges for unarranged overdrafts or frequently returned requests for payment, all of which might have signalled to EDL that Miss S was experiencing severe financial difficulties. From what I've seen, EDL concluded that Miss S was receiving an average monthly salary of around £3,148. She was also occasionally transferring additional sums into her account from another account. Which might have suggested to a lender that Miss S may have had access to some other funds and that she was managing her account quite carefully, even though she was regularly borrowing from high cost lenders.

EDL's customer accounts notes indicate that Miss S told the lender that she intended to consolidate her payday loans with the EDL loan. I have considered whether the extent of Miss S's existing credit meant that EDL ought reasonably to have concluded that Miss S would be unlikely to repay her loan sustainably. But it seems to me that EDL considered Miss S's ongoing credit commitments, the level of her income and what it knew about her expenditure and took into account the likely positive impact of consolidating some of her existing debt. On balance, I cannot fairly say that I think EDL ought reasonably to have concluded that lending to Miss S would be unfair or irresponsible in some way.

*Did EDL treat Miss S unfairly in some other way?*

Overall, I haven't seen anything which makes me think that EDL treated Miss S unfairly in some other way. And from what I've seen, I cannot fairly say that EDL ought reasonably to have concluded that it would be irresponsible or unfair to lend to Miss S, in her circumstances.

I know Miss S will be disappointed by my decision. But I would like to reassure her I have carefully considered everything that both she and EDL have told us and all the evidence that has been provided. Having done so, I do not uphold Miss S's complaint.

**My final decision**

For the reasons given above, I do not uphold this complaint or make any award against Everyday Lending Limited trading as Everyday Loans.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 16 April 2022.

Sharon Parr  
**Ombudsman**