

The complaint

Ms R complains, in summary, about the customer service provided by Everyday Lending Limited, trading as Everyday Loans, ("ELL"), in respect of a loan provided to her by ELL.

What happened

ELL provided Ms R with a loan for £15,000 in August 2018. She received £11,395.69 from the loan and the balance of the loan proceeds was used to repay an earlier loan she'd had with ELL. The loan was to be repaid by 48 monthly payments of £474.16. Ms R made weekly payments of £118.54 until around November 2019, although some of these payments were paid late from October 2018. Ms R then made reduced payments from January 2020 and paid £160 per month from May 2020. ELL then sent Ms R a default notice dated 2 July 2020. In November 2020, Ms R phoned ELL and asked about the current balance outstanding. She was initially told that the balance was £12,289.14, but this was then changed to £4,193.53. She was concerned to be told in January 2021 that she owed ELL £12,289.14 which was contrary to what she'd been told two months earlier. Ms R believes that the correct balance was £4,193.53 and that no mistake had been made. Ms R wants her loan balance reduced to reflect the lower balance figure of around £4,000. This is the first aspect of Ms R's complaint.

Ms R was then concerned to be told that ELL's local branch office wasn't dealing with her account and it gave her another phone number to contact it which wasn't answered. She complained to her local branch office about this. She was unhappy about the way ELL's employees spoke to her. This is the second aspect of Ms R's complaint.

Ms R also said that she had agreed a repayment arrangement with ELL in which she would pay £160 per month to repay a balance of £4,193.53 (as at November 2020). It was important to her that she had a repayment plan which would provide her with certainty that her loan would be repaid within a fixed amount of time. She planned on working for a further four years and she wanted the loan to be paid off within this time. She said that a repayment plan had been devised for her which was discussed at length and authorised by ELL's management. She said she wouldn't take the loan to a debt management plan organisation as she had agreed a repayment plan. But ELL appeared to dispute in a phone conversation with her in January 2021 that she had an agreed repayment plan with it. This is the third aspect of her complaint.

In its final response letter, ELL said that it had listened to a recording of the call in November 2020 and said that it had made an error in saying that the loan balance was £4,193.53, and it offered Ms R £200 compensation. ELL hadn't said anything about the other aspects of her complaint in its final response letter.

ELL then provided a response to one of Ms R's other complaint issues about her repayment plan. ELL said that whilst Ms R made two payments of £160, she didn't provide the required bank statements to support its income and expenditure review. Therefore, as the account was not formally rescheduled with the reduced monthly payment, it remained in arrears and notice of arrears letters were sent to Ms R. The account subsequently defaulted and it sent a

default notice letter to Ms R. ELL had kept Ms R informed of the arrears and balance on the account during this time and evidenced this with letters to her.

Our investigator's view

The investigator said that ELL didn't need to take any further action. She noted that ELL had said in its final response letter that it had made a mistake in providing a balance figure of £4,193.53 in November 2020, and it offered Ms R £200 compensation. She said that she felt this was fair as the wrong balance figure was given to Ms R. The investigator had seen ELL's system notes that showed the balance of the loan to be £11,809.14 on 26 March 2021. Although giving Ms R the wrong balance figure had caused confusion, she wasn't going to ask ELL to reduce the balance to £4,193.53.

With regard to the repayment plan, the investigator noted that Mrs R had said she had an arrangement with ELL to pay £160 a month. The investigator said that she didn't think it would be fair for ELL to reduce the loan balance by over £7,000, simply because it had made a mistake in what it had told her over the phone.

With regard to Ms R's complaint about being spoken to rudely by ELL's employee on the phone, the investigator had listened to the call, and she thought the call handler could have delivered better service to Ms R. The investigator said that the call could have been handled better and compensation should be paid to Ms R for this. The investigator also said that the compensation of £200 offered by ELL in its final response letter was fair to cover both the first and third aspects of Ms R's complaint.

Ms R disagreed and she responded to say, in summary, that:-

- ELL hadn't made a mistake about the loan balance figure being £4,193.53.
- Her complaint was the grossly unprofessional way she'd been treated by ELL. In January 2021, following phone calls with ELL, she felt bullied and unprofessionally handled by the two individuals who managed her loan account.
- She had contacted ELL to inform it of the financial difficulties she was experiencing and she'd adjusted her payments with their agreement.
- Her repayment plan was put together by ELL's employee after consultation with his peers, instead of her referring the matter to a debt management plan company. She'd had many conversations about the plan with ELL. Ms R had followed the repayment plan terms that were discussed at the start of the arrangement.
- In January 2021 she'd phoned ELL as arranged to be told her file was no longer with the local branch and ELL told her to call a non-existent number. When she complained to ELL's head office, she found out that she had to instead speak to the local branch office.
- ELL then told her that there was no repayment arrangement, that she still had a 11 year loan and there were no recorded messages that dealt with her salient points.
- She had spoken to ELL's head office staff twice before January 2021, to bring to their attention the statements she'd received from them which did not reflect the discussions regarding the payment plan she'd believed had been set up.

As this complaint hadn't been resolved informally, it was passed to me, as an ombudsman, to review and resolve.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Ms R and to ELL on 18 January 2022. I summarise my findings:

I noted that where information was conflicting or incomplete, I needed to make my decision on the balance of probabilities, which was what I'd done here.

I said there appeared to be three main aspects to Ms R's complaint, and I would deal with these separately.

The provision of an incorrect balance figure in a phone call in November 2020

In its final response letter, ELL said that:-

"I have listened to the call from 20th November 2020, ... in which the adviser firstly provides you with the balance at the time as being £12,289.14, however, he then asks you to bear with him whilst he checks this, as you are questioning this amount. He then states that the balance is £4,193.53, and says he was giving you the overall balance in the first instance. Unfortunately, this is not the case and the outstanding balance was incorrectly given to you. May I apologise for this error and would like to compensate you for £200.00 for the distress caused. As of today's date the balance on your account is £11,969.14."

So, I'd noted that ELL had accepted that an error had been made and that it offered to compensate Ms R by paying her £200 compensation for the distress caused. I'd noted that Ms R didn't believe that ELL had made an error.

When the investigator provided her view, she hadn't been provided with a recording of the phone call in November 2020 in which the two different balance figures were provided to Ms R. I asked the investigator to ask ELL again for a recording of the call. ELL provided the call recording which I'd carefully listened to and summarised as follows:-

Ms R had called ELL to tell it her loan repayment for that month wouldn't be made on the due date but would be paid late. Ms R asked ELL if it was adding interest to her account as she'd been told when she agreed the repayment arrangement that the balance would be paid within four to five years. ELL said that Ms R wouldn't pay more than the contractual amount. ELL then said that the current arrears were £12,289.14. If Ms R regularly paid £160 per month, this was £1,920 each year. Ms R said that this would mean paying for another 12 years. ELL said that Ms R had agreed the repayment arrangement with ELL's head office. ELL then said that £12,289.14 was the overall balance on the account and calculated that the balance left to pay was £4,193.53 because the account had been frozen. ELL said that the loan finished in August 2022. So, Ms R only had another two years left to pay. Ms R said that she wished she had recorded the call and she was relieved. ELL said it was recording the call and that Ms R could always amend her repayment. Ms R said she would write down the balance left to pay when she called to make her next repayment.

It's clear to me that ELL did cause Ms R confusion in the call by giving her two very different balance amounts, three different descriptions of those amounts and by confusing her over the dates by which the loan would be repaid. The higher figure of £12,289.14 was first described as current arrears and then as the overall balance. The second lower figure of £4,193.53 was described as the actual balance left to pay. I also thought ELL could have corrected Ms R's calculation of 12 years left to pay £12,289.14 if she repaid £160 per month. It didn't respond to her incorrect calculation at the time. On the basis of ELL's higher figure, I could see that the loan would be repaid in just under six and a half years. ELL then told her that the loan would end in August 2022 which was the loan termination date in the loan agreement, and it didn't correct this for Ms R at the time.

I could see that Ms R would have been caused confusion by ELL's several errors during the call. And as ELL had confused Ms R by the terms it used and by giving her different balance

amounts and loan repayment dates (and not just the balance amounts which it referred to in its final response letter), I thought it should pay Ms R a compensation amount of £250.

I'd also noted that Ms R wanted the loan balance reduced to reflect the lower figure given in the call. But I could see that subsequent communications from ELL referred to the correct balance figure (based on the higher figure). I have listened to recordings of eight calls between the parties and there was no reference to the balance repayable being around £4,000 in those calls. I'd also noted that the annual loan statement sent to Ms R dated 3 August 2020 showed the total future payments to be £12,769.14. So, I could see that she'd received relatively recent information in writing about her loan balance before the call. I was satisfied that ELL had made an error in its calculations during the call. And, I didn't propose to ask ELL to amend the loan balance to reflect the lower figure Ms R was given in the call.

I also thought that it would be helpful for ELL to assist with Ms R's current understanding of the balance left to pay and the loan repayment date. So, I'd said that ELL should provide Ms R with a letter within 14 days of the date of the final decision in this complaint to show firstly the total balance left to pay as at that date and secondly the repayment date for the final loan repayment on the basis that Ms R pays regular monthly payments of £160 from the date of the letter.

The phone calls in January 2021

Ms R had complained about the customer service she'd received from ELL during certain phone calls with it in January 2021. She'd said she'd felt bullied and unprofessionally handled. ELL had provided this Service with the recordings of six phone calls which appeared to have occurred in January 2021, although the exact dates hadn't been provided. I'd listened to these recordings.

I could firstly see that Ms R was caused confusion by being told that her account wasn't being dealt with at her local branch as in the past, but that it was being dealt with by ELL's head office. When Mrs R rang the phone number, she was given for ELL's head office, she said she was made aware that she should speak to her local branch and was left hanging on. She again spoke to her local branch who told her she would be told where her account was being dealt with the following week. Ms R had wanted to discuss certain issues about her account, but ELL's employee gave the impression that he didn't want to discuss these at that time. So, Ms R rang another number which appeared to be ELL's sales team. She was then put through to collections, who ultimately suggested she be put through to complaints. I could see that Ms R was frustrated by being passed between departments without knowing who was dealing with her account and without being able to resolve her various queries.

I could also see that Ms R was unhappy at the way that one of ELL's employees had handled one call with her. I shall refer to the employee as "F". Ms R had phoned ELL to provide information about future payments to bring her account back up to date as she had missed two payments. She also said she was getting letters from ELL and wanted to know who had sent them to her. Ms R also wanted to know who was dealing with her account and wanted an update on her account since she'd been provided with a balance in November 2020. F said he would tell her this information when she phoned to make a payment the following week.

Ms R then told F that what he'd said was totally contrary to what she'd previously been told in November 2020. She also said she was disappointed in the way she'd been spoken to by F. I could see that F had showed frustration that Ms R wasn't being entirely clear, and he'd told her that he'd spent enough time on her account over the years. He went on to provide information about her payment record. But I thought F was rather blunt towards Ms R and he seemed reluctant to deal with her other issues at that time and said he would speak to her

when she phoned the following week to make her payment. I appreciated that F didn't appear to know who was handling the account but I thought it was possible that he could have told Ms F the account balance at the time or offered to provide written information about this shortly after the call.

I didn't think ELL had provided satisfactory customer service here. Ms R was unhappy at the way she'd been spoken to. She was being left in the dark for a further week about who was handling her account, what her account balance was and for her further queries to be dealt with. She was also concerned that F had said that she didn't have a payment arrangement (see below). Her concerns were demonstrated as she then went on to contact ELL's head office to complain about F's conduct and to ask it to put something on her file about her conversation with F.

Ms R later made another call to the branch office to speak to another of ELL's employees. I shall refer to the employee as "G". It was G who had provided her with an incorrect balance figure during the phone call in November 2020 referred to above. She was seeking an explanation about the balance figures provided to her at that time. G said that he didn't remember what he'd said but he told Ms R there was a principal balance and an overall balance. I didn't think that would have provided Ms R with the clarity she was seeking, and it would only have confused her more. Ms R wanted ELL's head office to listen to the November 2020 call recording. I could see that G had said that he would raise a complaint on Ms R's behalf about her balance query.

Overall, I could see that Ms R was provided with confusing information and in part unhelpful and discourteous responses in some of her phone calls with ELL in January 2021. I also thought it ought to have been clear to ELL from Ms R's recent payment record and explanations as to possible future payments that Ms R was experiencing financial difficulties. And I thought ELL ought to have been more positive and sympathetic overall in its dealings with Ms R. So, I thought it would be appropriate for ELL to pay Ms R £175 compensation for the distress caused to her as a result of the confusion caused by ELL in some of her phone conversations with it in January 2021.

The repayment arrangement

I'd noted that Ms R had said that she had a repayment arrangement with ELL to pay it £160 per month and that she'd been caused confusion in January 2021 by ELL telling her in a phone call that she didn't have an arrangement with it as she hadn't maintained it properly.

I could see from ELL's contact notes that it had asked Ms R for information about her income and expenditure in January/February 2020 and there was a note on 7 February 2020 that her income and expenditure came out at £160. A further note on 5 March 2020 said that the branch needed to see Ms R's bank statements to validate her income and expenditure.

There is a further note in April 2020 which referred to a payment of £40 per week and another note on 4 May 2020 said that Ms R had said she could commit to £160 per month. I'd also seen a letter from ELL to Ms R dated 31 May 2020 which said:-

"It appears from our records that you have not kept to the terms of our "without prejudice" arrangement and as advised, we are now reverting to the original contractual terms that were agreed with you."

But I'd also seen a later note dated 12 August 2020 on the contact notes which said:-

"Customer called in querying her default letter, advised cust arrangement of £160 is in place so therefore debt will not be passed on to a third party debt collections agency"

I could see that Ms R had paid £160 each month from May 2020 to November 2020, although her November 2020 payment was returned. And she'd phoned ELL after that to tell it when she would make her £160 payment. So, I thought this demonstrated that Ms R thought that she had a repayment arrangement to keep to.

There were no further notes on the contact notes prior to January 2021 to show that Ms R had been told the repayment plan had been cancelled prior to her conversations in January 2021. Overall, I could see that Ms R was concerned to be told that she no longer had a repayment arrangement in January 2021.

I'd asked the investigator to ask ELL for its understanding of the repayment plan and any terms of that plan. ELL responded to say that there was a current arrangement for £160 per month. But it also said that no formal payment plan was set up as Ms R was unable to provide her bank statements. So, the loan account hadn't been formally rescheduled. ELL also said that as the account had defaulted, it was up to Ms R to decide how much she could afford to pay back each month particularly as the payment plan of £160 was never formalised. ELL said that £160 was the amount that Ms R had said she would pay.

I could see that Ms R was caused confusion by being told by ELL in January 2021 that she didn't have a repayment arrangement when it appeared that there was at the very least an informal arrangement in place, and she'd been told by ELL in August 2020 that there was an arrangement. So, I thought ELL should pay Ms R £75 compensation for the confusion caused to Ms R. I also said that ELL should provide Ms R with a letter within 14 days of the date of the final decision in this complaint to show details of its current understanding of the informal payment arrangement.

I'd also noted from ELL's phone calls and notes that Ms R had been suffering financial difficulties. I didn't know Ms R's current financial position. But I'd said that if she was currently suffering financial difficulties, I would remind ELL of its obligations to treat Ms R sympathetically and positively if she was having difficulties repaying the loan.

So, for the reasons set out above, I didn't think ELL provided satisfactory customer service to Ms R and subject to any further representations by Ms R or ELL, I intended to uphold Ms R's complaint in part and say that ELL should put things right as shown below.

Putting things right – what ELL needs to do

To settle Ms R's complaint, ELL should do the following:

1. Pay Ms R a total of £500 compensation.
2. Provide a letter to Ms R within 14 days of the date of the final decision to show firstly the total loan balance left to pay as at that date, secondly the repayment date for the final loan repayment on the basis that Ms R pays regular monthly payments of £160 from the date of the letter and thirdly details of its current (at the date of the letter) understanding of the informal repayment arrangement.

ELL hasn't provided a response to my provisional decision.

Ms R responded to my provisional decision to say, in summary, that:

- She would not have made reduced payments without the knowledge of the two managers at ELL's branch office. It was due to a change in circumstances and they were informed.
- The branch manager told her the repayment plan figure per month would be £160 which

had been approved by his manager. She was told its repayment plan would not damage her credit record and would stop the interest.

- She was given permission to have a payment break and was told her account was up to date. And there was no reason why she could not take a break.
- She disagreed with ELL's findings in its final response letter and there were inconsistencies between what took place and what the letter said. She disagreed there had been a mistake made with regard to the provision of a figure for her loan balance.
- She hasn't worked since 25 August 2021 and might have to revert to a debt charity for help with managing her finances.

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 have also taken into account the law, any relevant regulatory rules and good industry practice at the time.

I'm firstly sorry to hear about Ms R's financial problems and note that she may need help managing her finances. I have asked our investigator to send her information about debt advice organisations. If appropriate, I would encourage her to discuss her circumstances with ELL to find a mutually agreeable and affordable repayment arrangement. And I would remind ELL of its responsibility to treat Ms R positively and sympathetically in those discussions.

Ms R has provided some further comments in response to my provisional decision, and some further information after that. Although I have only summarised above what Ms R said, I can reassure her that I have read each of her comments carefully. I've also raised some of the points with ELL and shall refer to its responses below.

I note Ms R's comments about her repayment plan. ELL said that Ms R had provided information to it about her income and expenditure on 7 February 2020. ELL's contact notes refer to this and also refer to Ms R providing a 30 days bank statement which verified what she'd said about her income and expenditure. It appears from ELL's contact notes that a repayment amount of £160 per month was calculated based on the information Ms R provided to the lender. Ms R has since told us that it was her decision to make the repayment of £160 and she asked to see a statement of her payments around this time. I asked the investigator to send Ms R a statement which showed her payments.

I note Ms R's comments about interest being stopped. I can see that ELL told Ms R that she wouldn't pay any more than the total contractual amount which was £22,759.68. ELL also told this Service that interest was frozen on 28 June 2020. At that time, ELL's records show that Ms R owed it £12,929.14. I understand that Ms R disputes this figure, but this is the balance figure on 28 June 2020 I have seen on a running account balance we've received from ELL.

I can see Ms R has paid ELL £1,120 since interest was frozen. The current balance outstanding is £11,809.14. I've asked the investigator to send Ms R an up to date loan statement to show this. This is the amount left after deducting the total amount Ms R has paid since June 2020 of £1,120 from the amount of £12,929.14 which was due on 28 June 2020 (the date that interest was frozen). I can see from the running account balance that no interest has been added to Ms R's account after 28 June 2020.

I note Ms R disagrees with ELL's findings concerning the provision of the loan balance of £4,193.53 to her in a phone call in November 2020, which it said was an error. I have again raised this with ELL and it again said that an error had been made and that this amount wouldn't have even covered the unpaid balance of the loan amount outstanding at the time of the call. I can see from the running account balance that the actual amount outstanding on Ms R's account at the time of the call was £12,289.14. For the reasons I've set out in some detail above, I'm satisfied that ELL had made an error during the call.

So, after carefully considering what Ms R has said in her responses to my provisional decision, I'm not persuaded that the information Ms R has provided should lead me to depart from the conclusions I reached in my provisional decision. It follows that I'm still upholding her complaint in part and that ELL should put things right as set out below.

I appreciate this may be a disappointing outcome for Ms R, but I hope setting out the reasons as I've done will help explain how I've reached my conclusions.

My final decision

My decision is that I uphold this complaint in part. In full and final settlement of this complaint, I order Everyday Lending Limited, trading as Everyday Loans, to:-

1. Pay Ms R a total of £500 compensation; and
2. Provide a letter to Ms R within 14 days of the date of this final decision to show firstly the total loan balance left to pay as at that date, secondly the repayment date for the final loan repayment on the basis that Ms R pays regular monthly payments of £160 from the date of the letter and thirdly details of its current (at the date of the letter) understanding of the informal repayment arrangement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 28 March 2022.

Roslyn Rawson
Ombudsman