

## The complaint

Mr G has complained that Everyday Lending Limited (trading as “Everyday Loans”) lent to him irresponsibly.

## What happened

Mr G was given a fixed term loan by Everyday Loans in a meeting, in one of its branches. The details of this is given below:

Date taken	Instalments	Amount	Monthly Repayments	Total with interest	Settled
November 2016	36	£3000	£235.38	£8473.68	10/09/2019

I issued a provisional decision on this complaint in February 2022. Both parties have received a copy of that provisional decision, but for completeness I include an extract from the decision below. I said;

*“Everyday Loans on the occasion it lent to Mr G, asked for information about his income and expenditure. It also says it carried out a credit check and used 2 months’ worth bank statements to verify what Mr G was saying. It also gathered a payslip and documentation relating to child benefits.*

*Everyday Loans say the checks it carried out showed that Mr G had enough disposable income to afford the loan repayments, but I don’t need to draw any conclusions about what it says it did at the time and whether it did carry out sufficient checks on this occasion. This is because, on balance, I don’t think Everyday Loans made a fair lending decision on this loan and I will explain why.*

*Our investigator felt that Everyday Loans had not calculated Mr G’s income fairly within its assessment. He said that it was most likely that Mr G had less income a month than it stated he had. This is because according to the investigator, Everyday Loans added child benefits that Mr G shared with his partner. The investigator said this amount should have been halved to reflect Mr G’s share. Everyday Loans has responded to this and told our service that even if this was the case it would still leave Mr G with disposable income of around £62. This would be if it amended its original assessment.*

*I have also seen in the bank statements that Everyday Loans gathered, that Mr G was regularly using his overdraft facility and his account balance was close to the £1000 limit on a number of occasions. When I also consider the fees Mr G would have been paying to use this overdraft facility every month, I am currently minded to think that based on Everyday Loans assessment and recent re-assessment, that he would be left with very little, if any disposable income. I can’t see in Everyday Loans assessment that it considered Mr G’s overdraft. So when I consider Mr G had less income each month than was stated and also an additional credit commitment, I am minded to think the loan repayments were not affordable for Mr G and it was not fair for Everyday Loans to agree to this loan.*

*In addition, based on the information that Everyday Loans gathered and had in front of it, I also am minded to conclude that Mr G was having problems managing his finances. He told Everyday Loans that he held 6 short term loans from 4 finance providers in addition to a mail order account and 2 credit card accounts. I can see that his declaration is supported by what is showing in the bank statements it gathered. There are transactions going out where Mr G is paying his short-term loan instalments and then also money coming in where he is taking out new short-term loans. This is the case on 15 August for £200, 30 August for £350, 15 September for £200 and 31<sup>st</sup> October for £750 and £500. When I look at how Mr G was managing his finances, I think it is clear to me that he was borrowing short term loans during this period to fill a shortfall in his finances. I think on seeing this Everyday Loans ought to have realised that Mr G was having problems repaying his existing commitments and that adding an additional loan would cause difficulties for him.*

*I acknowledge that Mr G's loan was for consolidation purposes, but it was not clarified what Mr G was going to repay. So, I think it is likely he would still have had loans and credit cards to pay alongside an overdraft and this loan. It is clear to me when I see how much he would need to repay in credit commitments at this point, along with the amount borrowed from Everyday loans and how long the loan was for, that the repayments were not sustainable.*

*The customer should be able to make repayments on time, while meeting other reasonable commitments; as well as without having to borrow to meet the repayments. And it follows that a lender should realise, or it ought fairly and reasonably to realise, that a borrower won't be able to make their repayments sustainably if they're unlikely to be able to make their repayments without borrowing further. Something which I think was the case here with Mr G when he took out this loan with Everyday Loans.*

*So, I am currently upholding this complaint and direct Everyday Loans to put things right."*

I asked both parties to let me have any comments, or additional evidence, in response to my provisional decision. Mr G responded and had no further comments. Everyday Loans did not respond.

### **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.

Mr G has not made any new points for me to respond to and Everyday Loans has not responded. So, as neither party has anything further to add that I feel I need to comment on or that will change the outcome of this complaint, I don't see any reason to depart from my findings within my provisional decision. With that being the case, I uphold Mr G's complaint.

### **Putting things right**

I think it is fair and reasonable for Mr G to repay the principal amount that he borrowed, because he has had the benefit of that lending. But he has been indebted with interest and charges on lending that shouldn't have been provided to him.

Everyday Loans should:

- Remove all interest, fees and charges on the lending and treat all the payments Mr G has made as payments towards the capital.
- If reworking Mr G's loan account results in him having effectively made payments above the original capital borrowed, then Everyday Loans should refund these

overpayments with 8% simple interest calculated on the overpayments, from the date the overpayments would have arisen, to the date the complaint is settled\*.

- Remove any adverse information recorded on Mr G's credit file in relation to the loan.

\*HM Revenue & Customs requires Everyday Loans to deduct tax from this interest. Everyday Loans should give Mr G a certificate showing how much tax it's deducted, if he asks for one.

### **My final decision**

My final decision is that I uphold Mr G's complaint and direct Everyday Lending Limited to put things right as described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 5 April 2022.

Mark Richardson  
**Ombudsman**