

The complaint

Miss S complains about Everyday Lending Limited trading as Trusttwo (ELL) and the service they've provided her since she made them aware her circumstances had changed, and she was no longer able to meet her minimum monthly repayment.

What happened

In February 2019, Miss S applied for a guarantor loan with ELL. This application was approved, and Miss S was provided with a loan of £6,500 which was to be repaid over 48 months with a monthly repayment of £277.63.

But Miss S contacted ELL in September 2021 to explain her financial circumstances had changed as her income had reduced due to being on maternity leave. So, she requested a repayment plan that would allow her to pay a reduced monthly amount that was more affordable. Miss S completed an income and expenditure form, which calculated she would be able to afford a monthly repayment of £82.80.

ELL explained they needed to approve repayment plan before it could be put in place. And they needed bank statements from Miss S' guarantor for this. So, while ELL were confirming this, Miss S made a payment of £100 to the account in both September and October. But she noticed ELL were reporting her account as in arrears on her credit file, so she didn't make a payment in November while she was waiting for the repayment plan to be agreed.

ELL spoke to Miss S in December, where they explained they still required 3 months bank statements from Miss S and her guarantor. And they explained for a reschedule to be agreed, Miss S would need to make three consecutive payments of £82.80, which was the affordable amount calculated in her income and expenditure. Miss S was unhappy about this, so she raised a complaint.

Miss S was unhappy she hadn't been told sooner than she needed to make three consecutive payments for the loan reschedule to be agreed. And she was unhappy there had been missed payments recorded against her credit file when she was waiting for a repayment plan to be agreed. So, she wanted these to be removed. Miss S also wanted clarification on why ELL needed statements from her guarantor, who didn't want to provide them.

ELL responded and upheld Miss S' complaint. They accepted they didn't make Miss S aware three consecutive payments were required. And they offered £50 to recognise any upset this caused. But they clarified that to put a reschedule in place, three consecutive payments of £82.80 would need to be made and bank statements would need to be provided by both Miss S and her guarantor, as well as an income and expenditure form. And they didn't think the missed payment marker reported to Miss S' credit file in November 2021 should be removed as they didn't advise Miss S to refrain from making a payment. Miss S remained unhappy with this response, so she referred her complaint to us.

While Miss S' complaint was with our service, ELL advised they would increase the compensation payable to Miss S to £75, to further recognise any upset she'd been caused.

And they agreed to remove any adverse data reported to Miss S' credit file in October and December 2021, as well as confirming nothing was reported in September. But they maintained their stance that the missed payment reported in November should remain.

Miss S didn't agree. And she didn't think it was fair that ELL were refusing to proceed with a reschedule of the loan until her guarantor provided bank statements and an income and expenditure. So, our investigator continued with their investigation.

And having done so, they upheld Miss S' complaint. They didn't think it was fair for ELL to report a missed payment to Miss S' credit file for November, when it was ELL who had delayed the approval of a repayment plan and then a reschedule of the loan. So, they thought this should be removed. And they accepted the upset this would've caused Miss S, so they thought ELL should pay Miss S the £75 they offered. But they thought ELL acted fairly when requesting bank statements and an income and expenditure from Miss S' guarantor, as ELL were entitled to ask the guarantor to cover the shortfall of Miss S' payment unless they couldn't afford it. And they thought ELL made Miss S reasonably aware in January 2022 that she needed to make the agreed payment of £82.80, rather than the £100 she'd been making, as this is the affordable amount calculated in her own income and expenditure. So, they didn't think ELL needed to do anything more in relation to that aspect of the complaint.

Miss S didn't agree. She maintained her belief that it was unfair for ELL not to count the £100 payments she made as part of the continuous payments she needed to make. And she maintained her view that statements and income and expenditure information from her guarantor shouldn't be required. As Miss S didn't agree, the complaint has been passed to me for a decision.

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.

Having done so, I'm upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

ELL don't dispute they acted unfairly between September – December 2021. They've recognised they didn't make it clear to Miss S that she needed to make three consecutive payments of £82.80 in order to meet the criteria needed to qualify for a loan reschedule. In order to recognise this, and the upset Miss S was caused, they've agreed to remove any adverse data reported to her credit file in October and December 2021, as well as pay Miss S £75 as a compensatory payment. As ELL don't dispute they've acted unfairly, I don't intend to discuss this aspect of the complaint any further. The main dispute surrounding this relates to what ELL should do to put things right, which I've thought about and commented on further on in my decision.

But ELL don't think they've done anything wrong when deciding Miss S still needs to make three consecutive payments of £82.80, even though she's made payments of £100. Miss S doesn't think this is fair or reasonable. So, I've thought about whether I think ELL have acted unfairly here. And I don't think they have.

When Miss L made ELL aware she was in financial difficulty due to a change in her circumstances, Miss S completed an income and expenditure form. And this showed she was able to afford a payment of £82.80 a month. So, I don't think it's unreasonable for ELL

to state this is the payment Miss S needed to make for three months consecutively. This is because ELL have a duty to act positively and sympathetically towards Miss S' situation and ensure she's only paying what she is able to afford.

I can't see anything to show ELL telling Miss S they expected her to make a payment for more than this amount. And when Miss S did so, I don't think ELL were unreasonable to request that a new income and expenditure be completed if this is what Miss S wanted to pay, as it suggested the previous income and expenditure information was incorrect. So, while I understand Miss S frustration that she made payments in December 2021, January 2022 and February 2022 for more than the £82.80, I don't think I can say ELL have acted unfairly. I think ELL acted reasonably when deciding these payments failed to qualify as payments that met the criteria for the rescheduling of the loan at £82.80 a month.

I can also see ELL made Miss S reasonably aware in their correspondence sent in January 2022 that it was the payment of £82.80 they required. So, I think it was Miss S' own decision to make a payment different to the one ELL requested after this point. That's not to say I don't appreciate Miss S' point of view, or the fact she was making overpayments in good faith. But Miss S had requested a loan reschedule and I think it's reasonable for ELL to expect Miss S to make the payment that had been agreed through this process.

And even if I did think ELL had acted unfairly regarding what payment amount they would accept to meet the rescheduling criteria; I don't think this would make a material difference to the situation Miss S finds herself in. This is because as well as three continuous payments from Miss S, ELL also require three months bank statements from Miss S and her guarantor as well Miss S' guarantor's income and expenditure information. And from what I can see, Miss S' guarantor hasn't provided this. So, I don't think Miss S would've been able to reschedule her loan as she wished without this.

I understand Miss S has also raised concerns about ELL's need for her guarantor's information. But I don't think ELL have acted unfairly when requesting this. Miss S' guarantor associated with the loan agreed to be liable for any shortfall on payments Miss S makes. So, I don't think ELL are unreasonable to ask for information to show Miss S' guarantor can't afford the difference between the £82.80 Miss S can pay, and the minimum monthly repayment of £277.63. If the guarantor is unable to provide this information, then I think ELL are entitled to ask the guarantor to make the required payments to cover the loan and any arrears that have accrued. So, I think it's reasonable for ELL to halt any rescheduling of the loan until this information is received and I can't say ELL have acted unfairly. Because of this, I don't think they need to do anything more for this aspect of the complaint.

Putting things right

When deciding what ELL should do to put things right, any award or direction I make is intended to place Miss S back in the position she would've been, had ELL acted fairly in the first place.

In this situation, I think if ELL had acted fairly they would've made it clear to Miss S she needed to make three consecutive payments of £82.80 when her affordability was calculated in September 2021. And I think it's reasonable for me to assume that if she had, she would've made her payment in November, as well as those made in October and December as it would've ensured her she met this part of the criteria needed for the reschedule which is what she wanted. ELL have accepted they didn't make this clear. So, I think they should remove any adverse information reported to Miss S' credit file for November, in line with the same removal they've already offered for October and December.

And I think it's clear Miss S has been left upset and frustrated at the impact this missed

payment has had on her credit file, especially considering the length of time it took ELL to agree a reschedule and what information would be required. ELL have already offered Miss S £75 to recognise this upset. But Miss S doesn't think this is enough as she doesn't think it factors in the impact it's had on her mental health during the first few months of her maternity leave, where she's been looking after her newborn.

I've thought about this at length. And having done so, I think the £75 ELL have offered falls in line with what I would've awarded, had it not already been made. I think it takes into consideration the short-term impact on Miss S' credit file and the inconvenience she's experienced trying to agree for the marker to be removed. But I think it also takes into consideration the fact Miss S has needed to continue correspondence with ELL as she's been unable to provide her guarantor's information that she requires for a reschedule to be agreed. So, I think Miss S is likely to have experienced some inconvenience which has resulted without any fault from ELL. So, I think ELL should pay Miss S £75.

I understand this isn't the outcome Miss S was hoping for. And I recognise this leaves Miss S in a position where she will require the co-operation of her guarantor before a permanent reschedule can be agreed. But as I've explained, I don't think this is an unreasonable request of ELL. Nor do I think ELL are responsible for ensuring this documentation is provided as it was Miss S and her guarantor's decision to enter into the loan agreement. I'm aware Miss S has raised concerns about the checks ELL conducted on her guarantor when the loan was originally provided. This would be a complaint about affordability that would need to be raised separately with ELL and them given a chance to respond.

My final decision

For the reasons outlined above, I uphold Miss S' complaint about Everyday Lending Limited trading as Trusttwo and I direct them to take the following action:

- Remove any adverse data reported to Miss S' credit file between October – December 2021 that hasn't already been removed; and
- Pay Miss S £75 to recognise the upset she's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 17 May 2022.

Ombudsman