

The complaint

Miss H complains Everyday Lending Limited trading as Trusttwo ('Trusttwo') irresponsibly lent to her.

What happened

Miss H was approved for a £5,000 guarantor loan by Trusttwo in February 2020. Miss H complained this loan was irresponsibly lent to her. After bringing her complaint to our service, our investigator recommended it be upheld and Trusttwo agreed with the outcome.

Trusttwo put forward its offer for settlement which included the refunding of any payments Miss H's guarantor had paid toward the balance of the loan. After following our service's redress approach Trusttwo says Miss H still has an outstanding balance. Miss H disagrees that there is a balance outstanding and says that Trusttwo has increased her balance.

Trusttwo has confirmed the guarantor has been refunded and removed from the agreement. It has also confirmed the loan is still active with an outstanding balance.

I wrote to both parties setting out my provisional decision. I set my provisional findings out as below:

"All parties agree this loan was irresponsibly lent. As such I don't need to make a finding in relation to that. Instead this decision will focus on the outstanding issue of redress; and whether Trusttwo's proposed redress is fair and reasonable in the circumstances of this complaint.

As has been explained to both parties previously, in cases involving irresponsibly lending which have been upheld, our service would typically expect a consumer to be in a position now as if they hadn't had to pay any interest or charges on the loan. This typically means a business will refund any interest and charges which have been paid plus simple interest of 8% per year.

In this instance, Trusttwo says it has reworked Miss H's account as if she has not paid any interest or charges on it. That in effect means any payments Miss H has paid to date are treated as having been toward the capital balance (the original £5,000 that was lent) of the loan. This is what our service would typically expect to see happen in similar cases. And I believe Miss H is happy with this aspect of the redress put forward by Trusttwo.

The matter in dispute is the fact Miss H's guarantor did make some contributions towards the loan also. Trusttwo says it has refunded these payments to the guarantor and has removed them from the agreement. Trusttwo has then added an amount onto Miss H's balance (after the above adjustment) to reflect the payments it refunded to Miss H's guarantor.

This would appear to be a reasonable thing to do in the circumstances of this case, considering the funds were passed onto Miss H, and Trusttwo has confirmed these

payments made by the guarantor have been returned to them. So, I don't find it unreasonable that Trusttwo has reworked Miss H's account to reflect these payments in this instance. This may be different if the loan had already been settled, Trusttwo had not been able to confirm the guarantor payments had been returned already, or it left Miss H in a financially disadvantageous position over the one she would have been in had she not made a successful complaint.

In this case, after the adjustments have been made, whilst Miss H's overall outstanding balance has reduced (and she is in a better position after having raised this complaint), it has not done so by the amount she believes it should have. There is still an outstanding balance on the loan, which Trusttwo says Miss H still owes it.

Miss H is unhappy with the redress that has been put forward by Trusttwo, as she believes that she has repaid the capital balance that has been borrowed. However, from the statement of accounts that I've been presented with I'm not persuaded that is the case. From the information which has been provided, it appears as if Miss H has not yet repaid the £5,000 which she was initially lent. So, the amount which is still owed would appear to be a reasonable amount, that is to say Miss H is only being required to repay the amount she has borrowed - £5,000. This is in line with what our service would expect to happen, considering Miss H has had the benefit of the capital which has been lent.

So whilst I can appreciate Miss H's point of view, I'm currently minded to say that the redress Trusttwo has put forward to resolve this complaint is fair and reasonable in this instance.

I appreciate this outcome will come as a disappointment to Miss H, but I'll consider any further information she wishes to provide before making a final decision on this complaint."

I asked both parties to respond with any further comments or information they wished to provide. Trusttwo didn't respond within the relevant timeframe.

Miss H responded disagreeing with the provisional decision and provided further information to consider. She explained that she felt Trusttwo's calculations remained incorrect and provided evidence of the differing remaining amounts Trusttwo has given her.

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've carefully considered Miss H's further comments and information; and I'm satisfied that the outcome and findings in my provisional decision should remain.

Miss H disputes the amount outstanding and has provided further information for me to consider. I have carefully reviewed it, and whilst I acknowledge Miss H's point that Trusttwo has provided differing amounts; I'm satisfied that even with the information she has provided there is a balance amount outstanding.

For clarity, from all of the information I've seen, from both parties, I'm satisfied Miss H has not yet repaid the total £5,000 which she was initially lent. This includes taking into account the removal of all interest and charges, and the recalculation of the account following the refund of the guarantor's payments. And therefore I'm satisfied it is reasonable for Trusttwo to request Miss H repay the amount outstanding.

As I'm satisfied there is a balance outstanding, it would follow that Trusttwo will need to work with Miss H to come up with a suitable repayment plan for the remaining amount. This will include Trusttwo demonstrating to Miss H the amount she has paid so far, and therefore how much is remaining, should she ask for it. I should point out that Miss H is not entitled to any refund including 8% as she has yet to repay the capital amount which has been borrowed. For the sake of completeness, Miss H is not required to repay more than the £5,000 she initially borrowed.

So overall as I'm satisfied there is an outstanding amount remaining on the capital balance, that Trusttwo has demonstrated it has refunded the guarantors repayments, and Miss H is not in a worse position as a result of this complaint; I'm persuaded that Trusttwo has acted reasonably in the calculation of the redress in this instance.

Putting things right

All though all parties agree Trusttwo did something wrong by lending irresponsibly to Miss H, I'm satisfied for the reasons outlined above it does not need to do anything further in terms of the redress due to Miss H.

My final decision

My final decision is that I uphold this complaint, but do not require Everyday Lending Limited trading as Trusttwo to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 3 March 2023.

Tom Whittington
Ombudsman