

The complaint

Miss R applied to Everyday Lending Limited for a loan in September 2021 and it was turned down. Miss R complains about that and wants compensation for the disappointment and that she had been led to believe it was going to be approved before it was refused.

Miss R raised with Everyday Lending that she thought it had been slow to deal with her complaint.

What happened

From the information I have received from both Miss R and Everyday Lending (including three recorded calls) it seems that Miss R applied for a loan on or around 28 September 2021. She wanted £5,000 minimum and ideally £6,000 to consolidate another loan and a credit card debt.

An email was received by her on 28 September 2021 from Everyday Lending to say that a local branch had conditionally approved her loan and to finalise it she was to call on a telephone number given in that email. We have received a copy of that recorded call and two others around that time.

After that first call was done, Miss R received another email on 28 September 2021, which referred to the call and provided a secure document link. She was invited to click on each of three links and upload the required documents which included a proof of ID link, a link to show her address and an 'Affordability Documents' link. Examples of the required documents were given for each and for the affordability documents the suggestions were payslips and bank statements.

On 29 September 2021 Miss R received an email which said that *'Unfortunately we are unable to complete the loan due to affordability reasons'*.

Miss R has said to us that she wants

'To be compensated for the upset, stress and anxiety this has caused me, plus training in the way they deal with people i.e never lead somebody to believe its a yes when it could actually be a no.'

Miss R complained by email soon after that and sent a more detailed complaint email on 1 October 2021.

Her complaint was acknowledged on 18 and 19 October 2021. She received a Final Response Letter (FRL) from Everyday Lending on 1 December 2021, in which it said:

'After your bank statements were reviewed a decision was made not to be lend to you, due to the gambling sighted on your bank statements.'

Everyday Lending said that it disagreed with Miss R and did not think that it had mis-led Miss R into thinking that the loan was approved.

It addressed the complaint delay. It said that there had been an acknowledgement to her on 19 October 2021 and it had eight weeks to deal with it. Everyday Lending said it had done that. Still it apologised for the inconvenience caused.

Miss R referred the complaint to the Financial Ombudsman on 7 December 2021.

One of our adjudicators looked at the complaint. She felt that Everyday Lending had never indicated that there was a possibility the loan could be declined. She felt that the request for bank statements and other documents was to establish the amount to lend rather than whether it was right to lend. Our adjudicator did think that Everyday Lending should have managed Miss R's expectations better and it had not acted fairly. Our adjudicator awarded Miss R compensation for the disappointment of £150.

Everyday Lending responded to say that they had listened to the recorded call between Miss R and one of its representatives on 28 September 2021, it quoted some parts of it and said

'I believe that we made the right decision to decline this application and if you ask us to pay every customer that we decline, then I cannot see how this would help any business and you would be setting a precedence in customers raising these types of complaints.'

I would add that I take your comments on board and we can feed your review back to the branch staff and how they should manage customer expectations more clearly.'

The unresolved complaint was passed to me to decide.

After I had reviewed the complaint I asked Everyday Lending for some additional information which I have not received. Miss R has supplied some additional emails which has assisted in my investigation.

On 29 July 2022 I issued a provisional decision giving reasons why I considered that Miss R's complaint should not be upheld. That is duplicated here for ease of reading and it is in smaller type to differentiate it.

What I've provisionally 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 am planning not to uphold the complaint.

Everyday Lending has accepted that management of expectations may need to be handled better. That's a matter for Everyday Lending's internal procedures and so in part, Miss R's complaint has succeeded to make that point. We at the Financial Ombudsman Service would not be able to influence any internal procedures a lending business may put in place. And so, Miss R can take some comfort from knowing her comments have been listened to.

However, having listened to the two recorded calls on 28 September 2021, and read all the correspondence, I do not consider that Everyday Lending mis-led Miss R to the extent that she thought that the loan was going to be approved and then it was not. And I say this because the 28 September 2021 email to her inviting her to upload documents was clearly asking for a comprehensive suite of documents to verify a whole range of details including whether she could afford it.

For example, during the first recorded call, after asking Miss R lots of details on the call, the Everyday Lending Representative asked for documents because he said that the '*budget was tight*' on what she'd said to him on the phone. He'd need three months' worth of bank statements. He planned to check them and they '*we can go from there*'.

Miss R did call again to say she'd sent some documents. The same representative had a quick look and they were from April 2020 and so Miss R said she'd send more up-to-date ones and he'd be able to review them the following morning.

On the recorded calls there was no mention of gambling. And upon receipt of the bank statements then Everyday Lending chose not to proceed and in its FRL has made it clear that was the reason or one of the reasons. Fairly substantial new evidence arose which led to the decline of the loan.

To place this in context, had the loan been approved and subsequently Miss R had brought a complaint about it being an irresponsible lending decision, with gambling evidence on bank statements seen by Everyday Lending before the approval, the complaint likely would be upheld by the Financial Ombudsman. Each complaint is considered on its merits, but often gambling by the applicant is considered a good reason to decline an application.

So, knowing these sort of complaints as I do, upon receipt of the Affordability Documents asked for by Everyday Lending, it declined Miss R's application and it's very likely that it had good reasons to do so. There are Financial Conduct Authority rules in place to ensure that all loan applications are dealt with in accordance with the affordability and irresponsible lending criteria.

And I am persuaded by Everyday Lending's argument that payment to individuals for a declined loan is not the way forward. That seems inappropriate.

Another piece of detail is that just after 1 October 2021, when Miss R had sent in her detailed letter of complaint, I have received some internal emails between the complaint handler and others in the Everyday Lending team and it refers to a telephone call between Miss R and one of those in the complaints department to try to resolve the complaint. In that email the comment was:

'... gambling was a factor in the loan being declined. This was mentioned on the call when I spoke to the customer and the customer does admit that this was an issue which would show on the bank statements.'

I have asked for a copy of that recorded call from Everyday Lending but it has not been sent to me.

In addition, even if I did consider that Miss R had been mis-led, which I do not, then the time between the call on the afternoon of 28 September 2021 to the date she received the decline email on morning of 29 September 2021 was less than 24 hours. I cannot consider that a long enough time to have suffered any sort of distress or inconvenience such that it would warrant any monetary compensation.

I am planning not to uphold Miss R's complaint about the decline.

On the issue surrounding the complaint handling, I can see that the FRL was sent beyond the eight weeks from when Miss R first complained and from her detailed complaint letter dated 1 October 2021. But I do not consider that it had any material effect on Miss R and I say that because Miss R was aware of the services of the Financial Ombudsman and one of the main purposes of the FRL is to ensure that complainants know they can refer their complaints here.

And I do not consider the delay to be anything that had an impact on Miss R. And if it had, in any event Everyday Lending in its FRL apologised for any inconvenience caused to her. I'd consider that to be enough.

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.

How did each of the parties respond to the provisional decision?

Everyday Lending has acknowledged receipt of the provisional decision and has said no more.

Miss R was not content with the provisional decision and asked for a second opinion and for it to be 'escalated'. I can address this here.

The structure within the Financial Ombudsman Service is that as one of the parties was not content with the adjudicator's view, then the complaint was escalated to an ombudsman. An ombudsman's final decision is the end of our process here and we won't look at the merits of the complaint again after an ombudsman has reached a decision.

Having looked at it I came to a different conclusion and I gave both parties my reasons for that in my provisional decision. I have allowed time for both parties to respond and send to us more information or evidence or submissions if they wanted to. I have considered the comments from both parties and now I have issued my final decision. The 'escalation' was to me and there is no further escalation within the Financial Ombudsman Service and that is our process. If Miss R wishes to do anything further then I recommend she takes independent legal advice.

Following my provisional decision, Miss R made the following point in one email to us:

'...the way this was dealt with caused me hope that i would get the loan more than what i asked for and then upset that I got no help and it could have been avoided.'

Miss R then made further points and I think it's fair to set them all out here and address them below.

- *I feel they gave me false hope that they would be able to pay off all my debts knowing full well I was in a very desperate state to clear 1 loan let alone all of them.*
- *The email I received was very impersonal I guess it would be a different story if they would have said yes!!*
- *There [sic] advisor didn't even respond to my initial complaint/comments it was only until I emailed the main email address that I eventually got a response.*
- *I never said I had an [sic] gambling problem at all I set limits and it was only due to having covid and being board [sic] stuck in the house that I played a few times it didn't constitute [sic] a gambling problem.*
- *I don't agree Everyday Loans have handled any of the situation in a professional and or caring manner.*
- *It's not about the compensation it's the fact that there will be other people like me who have bad credit that will be wanting a loan to help get promised more and then be told NO you can't have it.*

Miss R also made points about Everyday Lending advertising itself as a 'very caring loan company' and to be told 'no' by it in such an 'uncaring way was upsetting and stressful.'

Miss R mentions that she suffers from some mental health issues and I am sorry to hear that. But my review of the application process with Everyday Lending does not indicate to me that Miss R told them of that at the time. And there was nothing likely to lead the

Everyday Lending representatives to whom she spoke to have picked up on that. So, that's not an element I can comment further on.

In relation to the gambling, I have made no finding about the gambling, nor am I qualified to be able to determine whether the gambling which took place was a leisure activity or something more than that, even if I had been asked to. And so, I take this point no further.

The significance of the gambling is that this was not spoken of during the calls and when the Everyday Lending representative reviewed the additional evidence and information Miss R sent to it on 28 or 29 September 2021, and having applied the FCA rules and regulations relating to the lending criteria, it decided not to lend. And one of the reasons it gave was affordability and another the gambling. Their lending decision when in receipt of all the information it needed was a matter for Everyday Lending. And it does not seem to have been a spurious reason but one based on the evidence it saw.

And the telephone calls I listened to did not give the assurance that Miss R would be offered a loan. And I say this because the 28 September 2021 email to Miss R inviting her to upload documents was clearly asking for a comprehensive suite of documents to verify a whole range of details including whether she could afford it.

For example, during the first recorded call, after asking Miss R lots of details on the call, the Everyday Lending Representative asked for documents because he said that the '*budget was tight*' on what she'd said to him on the phone. He'd need three months' worth of bank statements. He planned to check them and they '*we can go from there*'.

Miss R has said that she thinks I have looked at the information '*very one-sided*' and that I have treated her as if she was wasting my time.

I can assure Miss R that I have spent a long time listening to all the recorded calls and reviewing the information I have received from both Everyday Lending and Miss R thoroughly. We are an impartial and alternative dispute resolution service and no complaint is considered one where either party has wasted any time – we are here to receive and resolve complaints.

Ultimately, Everyday Lending did not do anything wrong by asking for additional evidence before deciding and then refusing the loan. And I have already given reasons as to why in my provisional decision. All the findings made in my provisional decision are repeated here and become part of this final decision.

The way it did it may not have suited Miss R, but as I said in my provisional decision, Everyday Lending has accepted that management of expectations may need to be handled better. That's a matter for Everyday Lending's internal procedures and so in part, Miss R's complaint has succeeded to make that point. We at the Financial Ombudsman Service would not be able to influence any internal procedures a lending business may put in place. And so, Miss R can take some comfort from knowing her comments have been listened to. But I can't take that any further.

I can only repeat my earlier provisional findings in relation to Miss R's concerns surrounding the complaint handling. There's no more I can add. The delay was relatively small and in its FRL Everyday Lending had apologised to Miss R for that.

My final decision

My final decision is that I do not uphold Miss R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 13 September 2022.

Rachael Williams
Ombudsman