

## **The complaint**

Ms G complains that Everyday Lending Limited, trading as Everyday Loans ("Everyday"), irresponsibly granted her a loan that she couldn't afford to repay.

## **What happened**

Everyday provided a £10,000 loan to Ms G in July 2016. Once interest was added the total to pay back was £22,265.64; Ms G was to make 36 monthly payments of £618.49.

Ms G said Everyday were wrong to provide credit as it wasn't affordable.

Everyday disagreed. They said that when they approved the loan applications they reviewed Ms G's credit file and gathered information on her income and expenditure from payslips and bank statements. They noted she was in regular employment with a salary of around £1,978 per month and paying £200 board to her parents who she lived with at the time. They said that the information they had gathered suggested that after the Everyday loan was taken into account Ms G would have about £426 of disposable income and they therefore thought the loan was affordable for her.

Our investigator thought that Everyday shouldn't have provided the loan and suggested Everyday should take some action to remedy the situation. But Everyday didn't agree. They explained that most of the loan was going towards debt consolidation and they didn't think it had been made irresponsibly. The complaint has therefore been passed to me, an ombudsman, to make a final 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.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I've had this approach in mind when considering what's fair and reasonable in the circumstances of this complaint.

I think Everyday completed proportionate checks before approving the loan. They reviewed Ms G's credit file and checked her income and expenditure through wage slips and bank statements. But I don't think the information Everyday gathered demonstrated that Ms G would be able to sustainably repay the credit they were providing.

Ms G's was using about £8,000 of the loan to consolidate some debt, but she wasn't consolidating all of her debt and after the loan was approved and the debts consolidated she still had monthly loan payments of about £1,028 (including this loan), a credit card debt of about £1,000 and mail order debts. I think, in those circumstances, it was clear that given her income and the expenditure Everyday had identified from her bank statements, it was irresponsible of Everyday to create further indebtedness and that the loan wasn't affordable for Ms G.

## **Putting things right**

To settle Ms G's complaint, Everyday should:

- Add up the total amount of money Ms G received as a result of having been given this loan. The repayments Ms G made should be deducted from this amount.
  - a) If this results in Ms G having paid more than she received, any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement). \*
  - b) If any capital balance remains outstanding, then Everyday should attempt to arrange an affordable and suitable payment plan with Ms G for the capital amount only.
- Once the capital has been repaid, remove any adverse information recorded on Ms G's credit file relating to the loan.

\*If HM Revenue & Customs requires Everyday to deduct tax from any award of interest. It must give Ms G a certificate showing how much tax has been taken off if she asks for one. If it intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

## **My final decision**

I uphold this complaint and direct Everyday Lending Limited to put things right in the manner I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 22 September 2022.

Phillip McMahon  
**Ombudsman**