

## The complaint

Mr M complains Everyday Lending Limited trading as GeorgeBanco.com ('Everyday Lending') irresponsibly lent to him.

Mr M is represented by a claims management company. For ease of reference I'll refer to all submissions as if they were made directly by him.

## What happened

Everyday Lending approved Mr M for a £5,000 guarantor loan in June 2014. Mr M complained to Everyday Lending that the loan had been irresponsibly lent, and also referred his complaint to our service.

In the course of our service's involvement Everyday Lending agreed it had irresponsibly lent the loan, and proposed redress to Mr M. Everyday Lending says that Mr M's guarantor had paid the majority of the loan, and that Mr M had not yet repaid the capital amount which had been borrowed. It therefore said Mr M was not entitled to any redress. Everyday Lending went on to say that it had refunded Mr M's guarantor the payments they had made; and now required Mr M to pay the outstanding amount. Everyday Lending says this is the £5,000 which was initially lent.

Our investigator explained that this was not a reasonable outcome in this instance. He explained that the loan had been settled; and as such there was no mechanism in place for Everyday Lending to request payments from Mr M. Our investigator did agree that there was no redress due to Mr M as he had not repaid over the amount borrowed.

Mr M and Everyday Lending disagreed with this. Mr M says he had been paying his guarantor money; and Everyday Lending maintained it was fair for it to require Mr M to repay the capital balance. Everyday Lending has since confirmed the loan has been settled.

## 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.

All parties agree the loan in question was irresponsibly lent; so I'm not required to make any findings in relation to that aspect of Mr M's complaint. The matter remaining in dispute is in terms to any potential redress associated to this loan.

Everyday Lending says it should be able to pursue Mr M for the balance of the capital amount which was lent. Mr M says that he did make repayments to the guarantor.

I'll start by considering the amount which Mr M has paid. Our service's standard approach to redress is to put consumers back in the position they would've been in had any potential error from a business not occurred. That is not possible in cases where capital has been advanced to a consumer. So, in those instances our stance is that the consumer should only pay back the amount of credit they've borrowed. That is because the consumer (unless

proven otherwise) has had the benefit of the capital advanced.

In this instance all parties agree the loan was settled by Mr M's guarantor. In order for Mr M to be due redress I'd need to be satisfied that he has paid over the amount of capital he has borrowed. Everyday Lending says this is not the case. And based on Mr M's own information that doesn't appear to be the case either. So, I'm not satisfied he has suffered a financial loss in this instance. That is to say; I'm not persuaded based on the information I've been provided that Mr M has paid more in repayments than he was lent by Everyday Lending. So, I'm satisfied there is no loss to him, and it follows there would be no redress due either.

That is not the same as me saying that between Mr M and the guarantor that they've not repaid more than the capital amount. However, I cannot consider the payments made by the guarantor under this complaint. Mr M says he was paying his guarantor back for the payments they made. Similar to the above I can't comment on that agreement as it does not involve the relevant regulated parties to this agreement. That is a private matter between Mr M and his guarantor.

Everyday Lending says it should be able to pursue Mr M for the outstanding balance as it has refunded the payments to the guarantor. I have considered this argument, but I'm not persuaded that it can reasonably do so.

From my understanding and based on the information which has been provided; the loan was settled. That means there is no longer an agreement in place; and this has been discharged by all relevant parties. As no agreement is in place; I don't understand how Everyday Lending is able to pursue Mr M for a debt that is by all accounts settled. As there doesn't appear to be an active agreement in place and I don't see how Everyday Lending even has a mechanism for collecting payments for under an agreement that was extinguished some time ago. So it follows that I'm satisfied Everyday Lending cannot pursue Mr M for any further payments.

So based on what I've seen; I'm satisfied that Mr M is due no redress as he hasn't suffered a financial loss. And I'm not persuaded Everyday Lending can continue to pursue Mr M for a debt that is settled.

### **Putting things right**

Although I'm uphold this complaint, I'm satisfied that Everyday Lending Limited trading as GeorgeBanco.com does not need to do anything further in relation to this complaint. I'm also satisfied it cannot pursue Mr M for any further payments.

### **My final decision**

My final decision is that I uphold this complaint but I don't require Everyday Lending Limited trading as GeorgeBanco.com to do anything further in relation to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 March 2023.

Tom Whittington  
**Ombudsman**