

## **The complaint**

Mr T is unhappy Everyday Loans Limited, trading as Everyday Lending, has not agreed to pay compensation for the distress and inconvenience it caused by lending to him irresponsibly.

## **What happened**

Mr T took out a 24-month loan for £3,000 from ELL in May 2023. The monthly repayments were £287.83 and the total repayable was £6,907.92. Mr T says ELL should never have lent to him, he used all the funds for gambling and he had told the lender in 2019 that he had a gambling addiction. This severely impacted his mental health and relationships.

ELL upheld Mr T's complaint in July 2023, but did not agree to write off the capital balance as Mr T requested. So Mr T brought his complaint to this service.

Our investigator did not uphold Mr T's complaint. She said ELL had settled it as we would have instructed it to. Subsequently, ELL accepted a reduced payment towards the outstanding capital balance from Mr T as full and final settlement, and closed the loan account.

However, Mr T remained unhappy saying ELL was negligent to lend to him as it knew he was vulnerable and so it must compensate him for the impact on his mental and financial health and the breakdowns in his relationships.

## **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 irresponsible lending complaints – and the rules, regulations and guidance we take into account - is set out on our website. I have considered it here to decide Mr T's complaint.

Both parties are now in agreement that ELL was wrong to lend to Mr T and they have agreed a reduced settlement of the capital balance. So I need not comment on those aspects of the case. What remains in dispute is whether Mr T should be paid compensation to recognise the impact and the distress that he says ELL's lending decision caused him. He argues this would be fair as he had told ELL he had a gambling addiction when he initially applied for a loan in 2019.

I can see from both parties' evidence that this is accurate, and that ELL responded at the time by offering to cancel the agreement. What I need to decide however is what role this information should have played when Mr T applied in May 2023.

ELL used open banking data to review Mr T's finances for the three months prior to his application. There was no evidence of any gambling, so it could reasonably have concluded Mr T was no longer gambling. As it was on notice of his vulnerability from 2019 however, I

would have expected it to ask and seek reassurances from Mr T that he was no longer suffering with his addiction.

However, it is hard for me to know how Mr T would have responded to ELL. On balance though, I think it is likely he would have concealed the real reason for the loan and not disclosed his relapse in the way he has now openly described. He had told ELL the loan was for home improvements. And as an evidence-based service I have to put considerable weight on the fact that there was not a single gambling transaction in the three months' open banking data to suggest to ELL that Mr T might have relapsed. This means I cannot conclude that it was reasonably foreseeable to ELL, or would have been with better checks, that Mr T would use the loan proceeds to gamble – a circumstance that might have led me to consider instructing ELL to reduce or write-off the capital balance.

As the parties have already agreed a reduced settlement, I am not commenting further on that - other than to say I have considered it when assessing whether any additional compensatory award should be made.

And in the circumstances of this case I do not think ELL needs to pay any further compensation. I find its acceptance of a reduced settlement of £2,000 to close the loan and the removal of any adverse data from Mr T's credit file to be a fair and reasonable outcome. I do not doubt Mr T has suffered as he has told us, and I am sorry he relapsed. But as I don't think ELL could have been aware of that through proportionate checks at the time of its decision I am not ordering it to do anything further.

### **My final decision**

I am not upholding Mr T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 6 March 2024.

Rebecca Connelley  
**Ombudsman**