

The complaint

Ms M, who is represented by a third party, complains that Everyday Lending Limited ("Everyday Lending"), irresponsibly approved her for a loan she couldn't afford to repay.

What happened

In January 2018 Ms M entered into a loan agreement by way of a guarantor loan with Everyday Lending. The loan was for £2,700, repayable over 42 months.

Ms M says that Everyday Lending didn't complete adequate affordability checks when it agreed the lending. She says she was already struggling financially at the time.

Everyday Lending made an offer to settle the complaint. The offer is to refund anything Ms M had paid over £2,700 and to require her to pay back the balance of the loan that is still outstanding. I understand that payments made by Ms M's guarantor under the terms of the agreement have already been refunded.

As Ms M is unhappy with the offer, the complaint has been passed to me for an ombudsman's 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.

Everyday Lending will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Everyday Lending has offered to refund all interest and charges from the opening of the loan account. This has the effect of reducing the current outstanding balance. It will also remove any negative data relating to the account from Ms M's credit file once the loan has been repaid.

I have considered the terms of the offer. I can see that it's in line with the redress we ask businesses like Everyday Lending to pay and reflects the particular circumstances of the loan, given that there is still money owing.

Generally speaking, this service does not ask lenders to write off remaining balances on loan accounts where money is still owed by the borrower. When upholding a complaint, the aim is to ensure that a consumer will only have to repay the principal sum they borrowed. Ms M borrowed £2,700. I understand the guarantor paid £1,442 towards the loan and that has been refunded. Given that a total of £1,994.44 has been paid, Ms M must repay the balance of the sum she has had the benefit of using – being £705.56.

Everyday lending must not increase the balance repayable by Ms M as a result of any refunds made to the guarantor. I say this given that it would be unfair to Ms M to be required to pay anything more as a result of having made a complaint to this service. There also appears to be no reason why Everyday Lending should not now enter into a reasonable and appropriate repayment arrangement with Ms M, if it has not done so already.

It follows that I consider Everyday Lending's offer to be fair and reasonable given the circumstances of this complaint.

Putting things right – what Everyday Lending needs to do

Having thought about everything, Everyday Lending should do the following, if it has not done so already:

- Refund any payments Ms M has made in excess of £2,700.
- Add 8% simple interest per year* from the date of any overpayments to the date of settlement.
- Once the loan has been repaid, remove any adverse information recorded on Ms M's credit file regarding the loan agreement.

*HM Revenue & Customs requires Everyday Lending to take off tax from this interest. Everyday Lending must give Ms M certificate showing how much tax it's taken off if she asks for one.

My final decision

I'm upholding this complaint and require Everyday Lending Limited to put things right in the way I've set out above, if it has not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 10 November 2023.

Michael Goldberg
Ombudsman