

The complaint

Mr M complains that Everyday Lending Limited trading as Everyday Loans irresponsibly gave him a loan that he couldn't afford. For simplicity I will refer to the business as 'Everyday' during this decision. Mr M is represented in this complaint. For simplicity I will refer to the complainant as Mr M in this decision.

What happened

On 4 November 2022, Mr M was given a loan for £2,000 which had a term of two years.

In 2023, Mr M complained to Everyday to say that the loan shouldn't have been opened for him because it wasn't affordable and that Everyday ought to have made a better effort to understand his financial circumstances before providing him with credit. Everyday declined to uphold the complaint. And Mr M brought his complaint to this service.

Our investigator thought the complaint should not be upheld. Mr M didn't agree. So, the complaint was passed to me to decide.

What I've decided – and why

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I've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

Everyday 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.

Mr M's complaint is that Everyday made credit available that was unaffordable. Everyday has explained that it relied in part on information that Mr M provided at the time of application to assess affordability. The income and expenditure exercise that took place before the lending suggested that the new borrowing was affordable. Everyday said they also carried out a credit search in Mr M's name to assess Mr M's level of debt at that time and to understand how he had been managing that debt. That seems like proportionate checks for a loan amount that was reasonably modest, in itself and in relation to Mr M's declared income. With that information and using their own scoring metric, Everyday decided to agree to the loan.

The Everyday checks showed that Mr M's credit file was clean *at the time of the loan* application. When I say this, I mean that Mr M's management of his existing credit showed no *recent* history of defaults or bankruptcies. There was some evidence of a CCJ. There was some evidence of more recent adverse but not as serious as the CCJ. So, it would not have seemed that Mr M was managing his finances perfectly at the time he approached the business for a loan. But I don't think makes it automatically unreasonable for Everyday to have provided further credit. I explain why I say that.

The credit limit was not immodest compared to Mr M's declared and verified income. And so, I'm not persuaded that more searching checks would have provided Everyday with sufficient reason not to lend money to Mr M or that the new borrowing was sufficient to be automatically unreasonable.

And the purpose of the loan was to pay off other debts in part. So, I don't see the loan as evidence solely of new credit being provided by Everyday, adding to an already existing amount of personal borrowing. Instead, rather than the new credit adding to Mr M's burden of credit, in terms of the total debt and the monthly cost of servicing that debt, it looks like Mr M was taking steps, that could be termed sensible, to manage his existing debt by taking out this loan and using it to pay off other debts that were on less favourable terms. In this case the 118 118 loan was over a shorter term and that necessitated a higher monthly cost than the same loan over a longer term.

So, it doesn't seem automatically unreasonable for Everyday to have facilitated a loan that repaid other borrowings and provided funds for the repair to Mr M's car. I also note the affordability for the loan had taken into account the existing cost of repaying existing debt and allowed for the consumers average spend on gambling over the preceding three months. That Mr M does not appear to have used the funds for the purposes described does not, in my mind, invalidate the reasonableness of the lending decision.

In saying that I have considered that Mr M provided three bank statements that verified his income and his expenditure. And those statements showed Mr M's gambling. So, far from this being a matter that Everyday had failed to look at, it appears that there was some consideration given to the extent of Mr M's habit. Having done so, the income and expenditure exercise completed with Mr M suggested that there was affordability for the loan if the gambling stayed at the same level. I cannot know what was said at the meeting at which this was discussed. But the paperwork that was completed at that meeting suggests that this important aspect of Mr M's finances was considered during the meeting and factored into the discussion about affordability.

I have considered the other complaint point raised by Mr M. Mr M says he told Everyday he suffered from ADHD. Everyday said they did not know about it until the complaint was made. I have read all the submissions made in this complaint and listened to all the call recordings provided by Everyday. The evidence presented does not suggest the issue was raised until the complaint was made. And I have seen no evidence of the other poor customer service Mr M has complained about.

I know that Mr M will be disappointed with my decision, in itself and because he has invested time and energy in pursuing his complaint. But I want Mr M to know that I considered all the submissions made in this case, and was sorry to hear about the issues that have so affected Mr M.

But having considered all the submissions in this case, particularly those at the time of the lending decision, I have not found sufficient evidence to uphold this complaint. I have seen insufficient evidence to think that the credit Everyday are responsible for was unreasonable.

My final decision

For the reasons given above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 February 2024.

Douglas Sayers
Ombudsman