

## The complaint

Mrs W says Everyday Lending Limited (ELL) incorrectly told her the APR on her loan would drop after six months.

## What happened

In November 2023 Mrs W applied for a loan via a broker that advertised a 49.9% APR. She was then invited to visit an ELL branch to progress her loan application. She says as she told ELL she desperately needed the money for schools fees it took advantage of her situation, and her vulnerabilities, and gave her a loan for £2,000 over 24 months with a much higher APR of 231.1%. She says whilst she did know the APR before she took out the loan, she only went ahead as ELL said the APR would drop after six months. She also says she was given an early settlement figure that was too high.

ELL says it never told Mrs W the APR would drop and the agreement she signed made clear what the APR was for the term of the loan. The APRs on its loans vary and are dependent on a number of factors, including credit score and credit profile overall, the amount being borrowed and the term of the loan. Its records do not show it was aware of Mrs W's vulnerabilities at the time she applied. And the early settlement figure was calculated correctly as set out in the Consumer Credit (Early Settlement) Regulations 2004.

Our investigator did not uphold Mrs W's complaint. She did not find ELL had acted in error with regards the APR charged. The 49.9% APR was advertised by a broker as a representative rate – this did not mean it was guaranteed Mrs W would receive that rate. There is no evidence ELL had said the APR would fall - all the documentation made clear it would be 231.1% APR (fixed). She could not find any evidence ELL was aware of Mrs W's vulnerabilities when she applied. And there was no evidence the early settlement figure was incorrect – it would reduce interest only in so much as the number of days interest was payable would be reduced, not because the rate would be lower.

Mrs W disagreed and asked for an ombudsman's review. She said, in summary:

- ELL must release the call recording from when she arranged to visit the branch and the footage from her visit as this evidence shows ELL was aware of her vulnerabilities. Its lack of transparency has made Mrs W feel more vulnerable.
- The APR of 231% is excessive and potentially non-compliant with UK regulations on responsible lending. It is not only vastly disproportionate to current market standards but may also contravene FCA guidelines on fair treatment and affordability.
- ELL has not followed the regulator's Principles for Business, particularly Principle 6, and its lack of clarity around charges, lack of transparency in communication, and lack of willingness to address her concerns may also constitute unfair business practices under the Consumer Protection from Unfair Trading Regulations 2008.
- Other complaints against ELL demonstrate a concerning pattern where the lender has failed to follow responsible lending practices, contributing to borrower distress

and financial harm. The ombudsman should consider this systemic issue and review her case within the broader context of similar grievances.

- ELL's practices have placed her under immense financial and emotional strain, making her existing mental health challenges worse. The FCA's guidance on treating vulnerable customers emphasizes that firms should take extra care to ensure their practices do not unduly harm or exploit vulnerable individuals.
- Beyond the immediate hardship, the APR charged and the lack of transparency from Everyday Lending Limited may leave lasting damage on Mrs W's financial record and prospects. This concern is in line with the FCA's guidelines that discourage practices which could cause lasting detriment to consumers, particularly where there is a clear vulnerability.

### **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.

Where the evidence is contradictory or incomplete (as some of it is here) I have reached my decision based on the balance of probabilities. In other words, based on what is most likely given the available evidence and the wider circumstances.

I have also taken into account the law, regulator's rules, relevant codes of practice and what was good industry practice at the time.

I want to assure Mrs W I have read all her comments carefully. And I mean no discourtesy by this, but in keeping with our role as an informal dispute resolution service – and as our rules allow – I will focus here on the issues I find to be material to the outcome of her complaint.

I am not upholding Mrs W's complaint. I'll explain why.

#### *APR on Mrs W's loan*

Mrs W says ELL exploited her urgent need for money for school fees, but I have seen no evidence to support this claim. It has explained to her that the APRs it offers vary based on a number of factors and this is standard industry practice. I can see she was introduced to ELL via a broker that was advertising a lower APR of 49.9%. But this was a representative rate and none of Mrs W's loan documentation suggest ELL ever offered an APR of anything other than 231.1%. I accept this is high, but Mrs W was actively involved in the process for her loan and the paperwork clearly set out this cost to her. So I think it's most likely that she was aware of what she was agreeing to pay.

Regarding the reduction in rate after six months, I cannot find any evidence to support Mrs W's recollection. She says it was a comment made to her in the branch. It was also said there would be security camera recording her visit. ELL disputes that it would have said that – its loans never work like that. It has confirmed more than once that there are no cameras in the meeting rooms so there is no footage of her visit. On balance I think it is most likely she was not told the rate would fall after six months. Overall, I haven't seen anything which makes me think that ELL treated Mrs W unfairly or breached industry practice regarding interest charges.

#### *Early settlement*

I find ELL followed the required regulatory guidance in this regard. I do note when Mrs W said on a call she would want to repay the loan early ELL said that would save her money. So this may have created a misunderstanding for Mrs W about the how the rate worked – but the point was that she would pay less interest that way, not that a lower interest rate would be charged. And this follows regulatory guidance and, logically, industry practice.

### *Mrs W's vulnerabilities*

I am sorry that Mrs W has suffered with both her mental and physical health but I cannot find any evidence ELL was on notice of her vulnerabilities when she applied. It has released the call recordings from 21 November 2023. Her pending branch visit is discussed on one of these calls - this is when she recalls telling ELL about her vulnerabilities. But this was not the case, she did not mention them.

I appreciate Mrs W feels strongly that the footage from her visit would have shown she was frail, but ELL have confirmed they have no camera in the meeting rooms so there is no such evidence available. So I cannot fairly expect ELL to have made any reasonable adjustments given the available evidence shows it was not on notice of Mrs W's vulnerabilities. Now that it is it must respond accordingly.

I hope Mrs W now has the support she needs - StepChange (tel: 0330 055 2198) and MIND (tel: 0300 123 3393) are organisations that can provide free debt advice and mental health support respectively, if not.

Mrs W asked that I consider the systemic issues that her complaint illustrates. But that is not the role of this service, that is the role of the regulator (the FCA). Our remit is to look at the merits of individual complaints and where we find a business made a mistake, we will instruct it to put things right.

### **My final decision**

I am not upholding Mrs W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 16 December 2024.

Rebecca Connelley  
**Ombudsman**