

## **The complaint**

Mr S complains that Everyday Lending Limited trading as Everyday Loans was irresponsible in its lending to him. He wants to only be required to repay the amount he borrowed and for a suitable repayment plan to be set up for this. He also wants all negative information recorded about this loan removed from his credit file.

Mr S has also complained that he has been harassed about his repayments.

## **What happened**

Mr S entered into a £3,000 loan agreement with Everyday Loans in October 2023. The loan term was 24 months and Mr S was required to make monthly repayments of £236.25.

Mr S said that adequate checks weren't carried out before the loan was provided and he believes Everyday Loans just relied on a credit check without assessing the affordability of the loan. Mr S explained that he was in a desperate situation at the time and was struggling with both his mental health and his financial circumstances. He said that adequate checks would have shown that his outgoings exceeded his income and that the loan was unaffordable. He also noted the high rate of interest on the loan and said this made his situation worse and complained that he had been harassed about his repayments.

Everyday Loans issued a final response to Mr S's complaint dated 8 April 2024. It said that before providing the loan, it checked Mr S's bank statements, credit records, and job and looked at his living costs. It said that Mr S was confirmed as self-employed, and his income was calculated by its underwriters using Mr S's 2021/2022 tax computation. It then deducted Mr S's declared housing costs and used third party data along with information in Mr S's bank statements to calculate his living costs. It said that based on its calculations the loan repayments were affordable.

Everyday Loans set out the actions taken in response to Mr S's comment that he was struggling financially. It said it had tried to assist him.

Mr S wasn't satisfied with Everyday Loans' response and referred his complaint to this service.

Our investigator thought that Everyday Loans had carried out reasonable checks before the loan was provided. She considered the information that was received and didn't think this raised concerns that the loan might not be affordable for Mr S. She noted the contact between Mr S and Everyday Loans when the repayments weren't being made and thought that Everyday Loans had tried to assist Mr S.

Mr S didn't agree with our investigator's view. He said adequate checks weren't carried out and noted his high level of debt at the time. He said that it wasn't reasonable to use third party data to assess his expenditure and instead a detailed assessment of his financial circumstances should have taken place. He said the loan had left him in severe financial distress and negatively affected his personal life and mental health. He said that Everyday Loans failed to provide him with a reasonable level of support and that he has been

harassed by other parties in regard to this loan.

Our investigator responded to Mr S's comments but as these didn't change her view this complaint has been passed to me, an ombudsman, to issue a 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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Before the loan was provided Everyday Loans gathered information about Mr S's employment, income and expenses and carried out a credit check. Mr S said he was self-employed with plenty of work and Everyday Loans validated his income using his tax return. Information about Mr S's expenses was gathered from third party data and copies of Mr S's bank statements were also obtained, and his expenses were discussed. Mr S's credit check showed he had existing credit commitments and while an occasional payment had been missed, he was generally managing his accounts. Information from the credit report was used to calculate Mr S's payments to his existing credit commitments and an affordability calculation was carried out.

Given Everyday Loans obtained copies of Mr S's bank statements, had validated his income, asked about his expenses and carried out a credit check, I find the checks carried out before the loan was provided were reasonable.

However, just because I think that the checks were reasonable, this doesn't necessarily mean that the loan should have been provided. To assess that I have looked through the information obtained to see if this should have raised concerns about the affordability of the loan or other issues that mean the lending shouldn't have been agreed.

Mr S provided a copy of his 2021/2022 tax return to show his income. This gave a net monthly income of around £5,748. Everyday Loans also obtained copies of Mr S's bank statements. These include business and personal transactions and transfers between Mr S's personal and business accounts. But based on the income being received, I do not find it unreasonable that this was seen to support the income identified in Mr S's self-assessment return.

Mr S had a high amount of existing debt. He had total outstanding loans of around £48,000 with around £34,300 being for two hire purchase agreements for cars which Mr S said were part of his business and the remaining amount was loans. His repayments towards these commitments totalled around £1,533 a month. Additional to this, Mr S had four credit card accounts. He had balances outstanding on three of these which totalled around £4,868, which was around 58% utilisation of his total credit limits. Based on repayments of 5% a month this gave monthly credit card repayments of around £244. Adding this to his other credit costs resulted in total monthly repayments of around £1,777. Adding the Everyday Loans repayments would bring total credit costs to around £2,013.

Third party data was used as a base for Mr S's expenses and this information alongside his banking transactions were discussed with Mr S. Mr S said that the third-party data gave higher expenses for certain costs than he incurred but I note the higher figures were used in these circumstances which I find reasonable. Deducting Mr S's declared rent, other costs and his credit commitments left around £867 of disposable income. So, while I accept that Mr S had a high amount of existing credit commitments at the time the loan was provided, based on the evidence gathered the Everyday Loan agreement appeared affordable. Therefore, I do not find in this case I have enough evidence to say that the loan was lent irresponsibly and so I do not uphold this part of Mr S's complaint.

Mr S has also complained that he wasn't provided with the support he should have been when he experienced issues with his loan. While I appreciate that Mr S was experiencing a difficult time, having looked through the contact notes I think that Everyday Loans did try to assist him. When Mr S missed his first repayment Everyday Loans tried to call him, but it wasn't successful in making contact. Following an email being sent about a visit from a field agent, Mr S emailed Everyday Loans to say he was struggling financially. Everyday Loans responded to Mr S asking him to call. I find this reasonable. Further attempts were made to contact Mr S and in December 2023 Mr S said he was struggling financially and with his mental health and a 30-day hold was placed on his account. Following further contact attempts Mr S's account was transferred to Everyday Loans central collections team and Mr S was given a number to call where Everyday Loans said it could discuss ways to assist him. While I understand that Mr S was experiencing health and other personal issues at the time, I think that Everyday Loans did try to offer support and opportunities to discuss his situation. Therefore, I do not uphold this part of his complaint.

I've also considered whether Everyday Loans acted unfairly or unreasonably in some other way given what Mr S has complained about, including whether its relationship with Mr S might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Everyday Loans lent irresponsibly to Mr S or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

While I am not upholding this complaint, given the information Mr S has disclosed as part of this investigation, I would expect Everyday Loans to treat him positively and sympathetically, in any ongoing communications and actions regarding his account.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 14 April 2025.

Jane Archer  
**Ombudsman**