

The complaint

Mr D complains that Everyday Lending Limited (“ELL”) has irresponsibly lent to him.

What happened

ELL lent Mr D one loan in March 2024, the loan was for £1,250, which Mr D stated he needed for home improvements. The loan term was 18 months with monthly repayments of £117.42. As I understand it, the loan is still active.

When Mr D complained to ELL it didn’t uphold any part of his complaint so he referred his complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. Our investigator didn’t think ELL was wrong to lend to Mr D.

Mr D disagreed, he said at the point he took out the loan, he told ELL he was looking to move to a bigger house and that meant he couldn’t afford to repay what he was borrowing. As the complaint hasn’t been resolved, it has been passed to me, an ombudsman to decide.

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.

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint. I’ve also taken into account the law, any relevant regulatory rules and good industry practice at the time the loans were offered.

Before lending money to a consumer, a lender should take proportionate steps to understand whether the consumer could repay without borrowing further or suffering significant adverse consequences.

A lender should gather enough information for it to be able to make an informed decision on the lending. Although the guidance and rules themselves didn’t set out compulsory checks, they did list a number of things a lender could take into account before agreeing to lend.

The key thing was that any checks needed to be proportionate and had to take into account a number of different things, including things such as how much was being lent and when what was being borrowed was due to be repaid. A lender should also take into account and react appropriately to what it knew about the consumer at the time it made its lending decision.

Before lending this loan, ELL asked Mr D about his monthly income and monthly living costs including credit commitments. Mr D declared an income of £3,395 which ELL verified through his bank statements. I can see from ELL’s system notes that it had a detailed conversation about Mr D’s circumstances and how this impacted on his finances.

Following its review and checks, ELL worked out Mr D's living costs and credit commitments to be a total of £3,062.76, this would have left Mr D with a disposable income of around £129 after making the repayment for this loan. Given Mr D's circumstances and the term of this loan, I don't think this would have been sufficient.

While I think ELL's checks went far enough, I think it's calculation should take into account other relevant information in this case. Mr D's bank statements show he received an income, but he also received child benefits and another benefit payment regularly. From what I can see, Mr D's average income including his benefits, which I think are relevant in this case was around £4,169.

I've also taken a careful look at the Mr D's living costs as set out by ELL and I can see around £560 has been assigned to miscellaneous expenses, and not all of this in my opinion would have been non-discretionary spending, this suggests Mr D's committed living costs were likely lower than ELL worked out. I'm also mindful that Mr D explained to ELL that there were some expenses he wasn't going to incur going forward. In any event, even with the increased living costs, Mr D was left with more than £1,000 which was sufficient to repay this loan and have some left over.

Mr D has said his rent increased to £1,350 and it wasn't just £640 ELL used. Mr D accepts that £640 was his rent amount at the time and this can be seen on his bank statements. I haven't seen any information that showed an increased rent amount at the time and so I'm satisfied that ELL took Mr D's circumstances into account at the time it lent.

While Mr D may have moved house during the lending and increased his rent payment, he didn't present ELL with a higher rent payment and his circumstances showed his rent was £640 so it was reasonable for ELL to lend on that basis. I should also note that even if it was the case that Mr D paid a higher rent amount, he'd have still been left with sufficient disposable income after repaying this loan.

Overall, I don't think ELL was wrong to lend to Mr D. I understand Mr D feels strongly about his complaint and that my findings will likely disappoint him, but I hope my explanation helps him understand why I've reached these conclusions.

Has ELL acted unreasonably in some other way?

I've also considered whether ELL acted unfairly or unreasonably in some other way, including whether its relationship with Mr D might have been viewed as unfair by a court under s.140A Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think ELL lent irresponsibly to Mr D 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.

My final decision

For the reasons given above, I do not uphold Mr D's complaint or make any awards against Everyday Lending Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 12 January 2026.

Oyetola Oduola
Ombudsman

