

## **The complaint**

Miss J complains that Everyday Lending Limited trading as Evlo didn't sufficiently check whether she could afford a loan before they agreed to lend to her.

## **What happened**

Around July 23 Miss J said she looked to borrow around £2,000 from Evlo before entering into a Fixed Sum loan agreement for £6,500. After interest and charges were applied Miss J was required to repay £22,249.80 over 60 months at £370.83 a month. Miss J said Evlo should have seen she was already reliant on short term lending, had multiple loans and was fully utilising her overdraft. She said by agreeing to lend to her Evlo had caused her to spiral into debt.

Evlo said the purpose of loan was for debt consolidation. And by agreeing to lend the higher amount meant Miss J could consolidate her lending sufficiently. They said they'd used application, credit reference agency (CRA) and statistical data to assess whether Miss J would be able to sustain the repayments. They said their lending decision was fair as after consolidating her debt Miss J should have had sufficient disposable income to sustain the repayments.

Miss J wasn't happy with Evlo's response and referred her complaint to us.

Our investigator said Evlo's checks were reasonable and proportionate. And that they'd made a fair lending decision.

Miss J didn't agree and asked for 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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. Whilst I've read and considered everything, if I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. This is not meant as a discourtesy but rather reflects my role of resolving disputes with minimum formality.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website, and I've taken this into account in deciding Miss J's complaint.

I've considered the relevant rules and guidance on responsible lending set by the regulator, laid out in the consumer credit handbook (CONC). In summary, these say that before Evlo offered the loan they needed to complete reasonable and proportionate checks to be satisfied Miss J would be able to repay the debt in a sustainable way.

The checks had to be 'borrower' focused. This means Evlo had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Miss J. In other words, it wasn't enough for Evlo to consider the likelihood of them getting the funds back – they had to consider the impact of any repayments on Miss J.

Checks also had to be proportionate to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on several factors including – but not limited to – the consumer's circumstances, for example their financial history, current situation and outlook, any indications of vulnerability or financial difficulty. And the amount/type/cost of credit they were seeking.

CONC says a lender must base their assessment of the consumer's creditworthiness on sufficient information of which they're aware at the time the assessment is carried out, obtained, where appropriate, from the consumer and where necessary from a CRA and the information must enable the lender to carry out a reasonable creditworthiness assessment.

And a lender should take reasonable steps to estimate a consumer's income and non-discretionary spending. It's not generally thought to be sufficient to rely solely on the current income declared by the consumer without independent evidence such as from a CRA or third party. CONC does allow the use of statistical data for the purpose of estimating a consumer's non-discretionary expenditure. I've considered the checks Evlo did.

Miss J's loan application was discussed over the telephone and in branch. Evlo verified her net monthly income to be around £3,493 (the lowest amount taken from her last two bank statements). Their credit checks showed she'd loan debt of £4,651, and revolving credit debt of £2,008. Miss J said she'd taken out a loan of £2,000 for a family funeral and £1,520 for emergency boiler repair. Evlo's credit check showed the cost of servicing her debt (before loan consolidation) was around £1,229. Miss J said her rent and bills were £950 a month which Evlo verified using Miss J's bank statements.

Evlo also used data from the Office for National Statistics (ONS) to determine Miss J's expenditure for day to day living. This considers her income, region, household composition, and residential status. And they verified the data using information on the bank statements provided by Miss J. The ONS figures were adjusted using the higher figure where this was provided by Miss J to obtain a more accurate assessment of her living expenses.

This showed Miss J's outgoings were most likely around £3,532, meaning she didn't have enough income to cover her outgoings, as this left her with a deficit of around £39.

The credit check Evlo completed showed that Miss J had around £6,660 overall debt and that she was maintaining her repayments. As the purpose of the loan was for debt consolidation Miss J's application could fairly have led to Evlo to conclude that she was looking to take steps to improve her financial position, and the monthly affordability of her debt.

So, I'm satisfied the checks Evlo did were reasonable and proportionate for the loan being provided. I say this as they verified Miss J's income and credit commitments. And they took reasonable steps to determine Miss J's other non-discretionary expenditure using her bank statements and ONS data. And I don't think that there was anything immediately obvious in the information that they had which meant they shouldn't rely on it.

Miss J said she'd initially was only looking to borrow around £2,000 but Evlo persuaded her to borrow £6,500. Evlo has shown in their discussion with Miss J that they identified debts that would be settled for a total of £6,442.01 which included short-term loans, an overdraft and the loan for the boiler repair. And by consolidating these debts Evlo assessed Miss J

would have reduced her monthly commitments by around £932.96. After factoring in her deficit of £38.79 and the new lending of £370.83 Miss J should have had a disposable income of £523.34 to cover any discretionary and unexpected costs.

I accept Miss J may not have gone on to clear her existing balances with this loan. But Evlo could only make a reasonable decision based on the information they had available at the time. In my view, all Evlo could do was take reasonable steps to ensure the payments would be affordable for Miss J. And as Miss J didn't have a history of applying for loans with them for consolidation purposes and then returning for further funds after having failed to consolidate as she said she would, I think Evlo was reasonably entitled to believe the funds would be used for the stated purpose. And as Miss J's credit history showed she was managing her existing credit commitments, by reducing her monthly outgoings the repayments should have been sustainable. So, I'm satisfied Evlo made a fair lending decision.

Whilst Evlo needed to complete proportionate checks to make a fair decision, it would be for Miss J to make an informed decision about whether to accept the loan offer, or not. This includes taking steps to understand how a debt consolidation loan works – that is, that it combines multiple debts into one but can extend repayment terms and potentially increase the cost of borrowing. I can see from Evlo's records they discussed various transactions with Miss J to gain a good understanding of her financial situation, outgoings and reasons for borrowing, identified lines of credit for consolidation and acceptance that the use of short-term loans affected her credit score which she was looking to improve.

I understand my decision will disappoint Miss J but while I empathise with her, for me to say Evlo must do something different I must first be satisfied that they've done something wrong. I can't see that they have here which is why I won't be asking them to do anything else.

Although I'm not upholding this complaint I'd like to remind Evlo of their obligations to exercise forbearance if they intend to collect any outstanding balance remaining on the account and it's the case Miss J is experiencing financial difficulty.

I've also considered whether Evlo acted unfairly or unreasonably in some other way given what Miss J has complained about, including whether their relationship with her might have been viewed as unfair by a court under Section 140A Consumer Credit Act 1974. But for the reasons I've already given I don't think Evlo lent irresponsibly to Miss J or otherwise treated her unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

## **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 20 April 2026.

Anne Scarr  
**Ombudsman**