

## The complaint

Mrs K complains that Everyday Lending Ltd irresponsibly lent to her.

## What happened

The facts of this case are familiar to both sides. With that being the case, I won't provide a detailed background here. Instead, I'll provide a brief summary.

Everyday Lending provided Mrs K with a single loan in March 2023. The loan was for £2,000 and it was due to be repaid through 24 monthly repayments of £158.94. The total amount to be repaid by the end of the loan term, including interest, was £3,178. The purpose of the loan was recorded as for 'home improvements'.

In December 2024, Mrs K – via a professional representative (PR) – complained to Everyday Lending about its decision to lend. Its reasons for doing so are known to both parties, so I don't intend to repeat them here. However, in short, PR said amongst other things that Everyday Lending failed to *verify [Mrs K's] financial capacity to afford the loan*.

In January 2025, Everyday Lending issued its final response in which it did not uphold the complaint. In doing so, it said that the *checks [it] did were fair and Mrs K should have been able to afford the loan repayments*.

Unhappy with this PR, on behalf of Mrs K, referred the complaint to our service.

One of our investigators reviewed Mrs K's complaint and, having done so, concluded the complaint should be upheld. In short, the investigator thought that whilst Everyday Lending had carried out reasonable and proportionate checks prior to agreeing to lend, there was evidence within those checks that Mrs K was left with very little disposable income, such that she would be unable to afford the loan if she encountered any unexpected expenses.

PR on behalf of Mrs K accepted our investigators findings in full. However, Everyday Lending did not agree. Therefore, the complaint was passed to me to review afresh.

On 13 November 2025, I issued a provisional decision. Here is what I had to say:

*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 a different conclusion to the investigator. I do not currently think this complaint should be upheld. I'll explain why I think this is a fair outcome in the circumstances.*

*However, before I do, I'm aware that I've summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.*

*If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.*

*Lastly, I would add that where the information I've got is incomplete, unclear or contradictory, I've based my decision on the balance of probabilities.*

*The Financial Ombudsman Service has set out its general approach to complaints about irresponsible and unaffordable lending on its website.*

*Everyday Lending needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mrs K could repay the loan repayments when they fell due and without the need to borrow further. These checks weren't prescriptive, but could take into account a number of different things such as how much was being lent, the repayment amounts and the consumer's income and expenditure.*

*So, in keeping with the information on the Financial Ombudsman Service's website, I think there are a number of overarching questions I need to consider when deciding a fair and reasonable outcome given the circumstances of this complaint:*

- 1. Did Everyday Lending carry out reasonable and proportionate checks to satisfy itself that Mrs K was likely to have been able to repay the borrowing in a sustainable way?*

*i. If Everyday Lending carried out such checks, did it lend to Mrs K responsibly using the information it had?*

*Or*

*ii. If Everyday Lending didn't carry out such checks, would appropriate checks have demonstrated that Mrs K was unlikely to have been able to repay the borrowing in a sustainable way?*

*There are many factors that could be relevant when determining how detailed proportionate checks should have been. And while much will depend on the circumstances in question, the more obvious factors include – though aren't necessarily limited to:*

- the type of credit Mrs K was applying for along with the size, length and cost of the borrowing; and*
- Mrs K's financial circumstances – which included her financial history and outlook along with her situation as it was, including signs of vulnerability and/or financial difficulty.*

*And generally speaking, I think reasonable and proportionate checks ought to have been more thorough:*

- the lower an applicant's income because it could be more difficult to make the repayments as a result;*
- the higher the amount repayable because it could be more difficult to meet a higher repayment, especially from a lower level of income; and*

- the longer the loan term, because the total cost of the credit was likely to have been greater given the longer time over which repayments have to be made.

*As a result, the circumstances in which it was reasonable to conclude that a less detailed affordability assessment was proportionate strike me as being more likely to be limited to applicants whose financial situation was stable and whose borrowing was relatively insignificant and short-lived – especially in the early stages of a lending relationship.*

*Did Everyday Lending carry out reasonable and proportionate checks?*

*Prior to agreeing to lend, Everyday Lending gathered information about Mrs K's employment status, income and expenditure.*

*It used copies of Mrs K's recent bank statements to verify her income. And, with regards to expenditure, it used Mrs K's declarations, Open Banking data and data from the Office of National Statistics (ONS) to model Mrs K's expenditure based on her circumstances. It then made adjustments (where necessary) based on the information it gathered from Mrs K's declarations and the bank statements - to get an understanding of her financial situation.*

*Everyday Lending also obtained a credit report to understand Mrs K's credit history and existing commitments, and it has provided our service with a copy of the results.*

*Looking at things in the round – and noting this appears to have been Mrs K's first loan with Everyday Lending so I don't think there was any established pattern in her borrowing needs, at least from Everyday Lending, at that stage - I think Everyday Lending proceeded with a proportionate amount of information.*

*However, once Everyday Lending had the information it thought it needed, it then had to evaluate it because it still had to reasonably assess whether Mrs K could afford to meet the loan repayments in a sustainable way over the term of the loan.*

*Did Everyday Lending lend to Mrs K responsibly using the information it had?*

*The results from the credit check Everyday Lending carried out did not provide an indication of any defaults, insolvencies or any other public records – such as County Court Judgments – about which Everyday Lending had been informed.*

*The results suggested Mrs K had a total unsecured indebtedness of £1,271 spread across a personal loan, an overdraft, a credit card and a mail order account. It appeared Mrs K's revolving credit utilisation was also relatively low. So, I don't think there were obvious indicators that Mrs K was experiencing financial hardship.*

*A deeper look at the credit search data does show that the credit card account referenced above was in arrears a few months prior to the lending in question, although it appears to have been brought up to date and was carrying a nominal balance at the time the loan was approved.*

*Looking at things in the round, I am not persuaded that the credit report revealed sufficient adverse information to give Everyday Lending cause to refuse to lend.*

*I turn to look at the rest of the information Everyday Lending gathered.*

*From the bank statements Mrs K provided, Everyday Lending calculated Mrs K's average monthly income – which included self-employed income and Working Tax Credit - was £972.75.*

*And, from its expenditure calculations, Everyday Lending concluded Mrs K's monthly outgoings were around £663. To this, it added a 'buffer' of around £33. It also concluded Mrs K was spending £61 each month towards her existing credit commitments. Deducting this from what Everyday Lending understood to be Mrs K's income, it looked like she had around £215 left over to meet the repayments in question (£158.94).*

*So, on my reading of the results of Everyday Lending's assessment of Mrs K's income and expenditure, it appears she was left with only about £56 each once her expenses, including this loan, were taken into account. This figure rises to about £89 once the 'buffer' is removed.*

*I recognise this renders the loan affordable for Mrs K on a strict "pounds and pence" basis – after all Mrs K did seemingly have enough to meet the repayments. But the crucial point here is considering whether Mrs K was left with a reasonable margin to meet any unexpected costs which surely occur in day-to-day life over the course of two years. And this may leave Mrs K in a precarious financial position.*

*I note, in response to the investigator's assessment, Everyday Lending point out that its calculation of Mrs K's expenditure included a loan repayment of £47.78 to another lender. It says that the credit file data shows that only £188 was outstanding for this loan and, as nothing was paid to the lender in the two months prior to the lending in question, it "looks like it has completed". And, therefore, removing this expenditure increases the disposable income to around £121.90 (disregarding the 'buffer'). I don't agree with this. The credit file data showed an outstanding balance and a scheduled monthly repayment. I accept that there is a delay in lenders reporting to credit reference agencies and it is possible the loan had been settled. I don't think a responsible lender could disregard this repayment without some assurance that it had indeed been settled, which I can't see was sought in this case. In the event, Everyday Lending (rightly, in my view) included it within its income and expenditure assessment.*

*Further, in response to the investigator's assessment, Everyday Lending said that it included payments towards Council Tax, utilities, and water totalling £446.46<sup>1</sup> which were present on Mrs K's Open Banking data, despite the contemporaneous notes suggesting Mrs K told it that these were now paid for by her husband. And, it argues, had it not done this, Mrs K's disposable income would have risen significantly.*

*I acknowledge lenders like Everyday Lending are entitled to expect prospective borrowers to answer questions about their financial circumstances in good faith. However, CONC, as I read it, anticipated that applicants may not always provide entirely accurate information. After all, that's why the rules and guidance at the time in question asked lenders to ensure that they had clear and effective processes and procedures in place to assess affordability (CONC 5.3.2R) – which included taking adequate steps to ensure that the information provided by an applicant was complete and correct (CONC 5.3.3G). With that being the case, I don't think Everyday Lending could reasonably be satisfied, based solely on her declaration, that Mrs K was no longer responsible for any of these bills. In other words, I am not persuaded by the argument that Everyday Lending could have set these costs aside and, if it had done, the loan would have been evidently affordable.*

*Having said all of that, in the circumstances of this particular case, I am not currently persuaded that the level of disposable income Everyday Lending calculated, in and of itself, renders the lending unfair. In my view, the situation is slightly more nuanced than that.*

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<sup>1</sup> It apportioned 50% of this cost to Mrs K.

*I say that because there weren't many other obvious signs Mrs K was having trouble managing her money. She did not have a high level of indebtedness and, with the exception of one arrears marker on a credit card a few months earlier (noting the account had since been brought up to date and now carried a zero balance), it appeared Mrs K was managing her finances fairly well.*

*However, in light of the modest level of disposable income it appeared Mrs K had available, I think Everyday Lending needed to make more searching enquiries – including a more forensic analysis of her expenditure based on the information it had (as opposed to relying, in part, on ONS data) to ensure she could afford the borrowing without the repayments having a significant adverse impact on the customer's financial situation (CONC 5.2A.12).*

*I've reviewed the bank statements Everyday Lending relied on when making its lending decision. There are three accounts in total.*

*The statements for what appear to be the account Mrs K uses 'day-to-day' covered the periods 25 January 2023 to 25 March 2023. I will refer to this as 'Account 1'.*

*The bank statements for a second account with the same bank, which contains very few transactions covered the period 30 January 2023 to 7 March 2023. I will refer to this as 'Account 2'.*

*The bank statements for a third account, with a different bank, again contains very few transactions. This covered the period 28 December 2022 to 6 March 2023. I will refer to this as 'Account 3'.*

*Having spent time looking through the statements for Account 1 – into which Mrs K received her income - I'm satisfied the monthly income figure of around £972 Everyday Lending calculated (comprised of self-employed income and Working Tax Credits) was broadly accurate.*

*Further, the statements for Account 1 reveal Mrs K was spending around £190 each month in supermarkets or petrol stations. And her other bills, which included, amongst other things, utilities (apportioned 50% to Mrs K for purposes of this assessment), television, telephone and gym membership totalled around £281.*

*I note Account 1 carries a healthy balance throughout the period (the balance never drops below £900 in credit) and there is far more money entering the account than exiting the account each month. Further, there were no other signs of financial hardship, such as reliance on payday lending or regular returned Direct Debits<sup>2</sup>.*

*I've also reviewed Account 2 which, as I've mentioned, contains very few transactions. This account is overdrawn, and it appears to be topped up through transfers from Account 1. In terms of regular expenditure, there is a monthly Direct Debit towards insurance of around £70 and interest charged on the overdrawn balance averaging about £12.*

*In the month prior to the lending in question, the Direct Debit to the insurance company is returned due to insufficient funds. Mrs K explained to Everyday Lending that this was because she had "forgotten to send funds to the account (from Account 1)". Therefore, it*

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<sup>2</sup> A Direct Debit to an energy supplier is returned, but this is not because there were insufficient funds in the account. Everyday Lending asked Mrs K about this, and the contemporaneous notes say Mrs K "cancelled the Direct Debit because her partner now pays for it".

*appears that these Direct Debits were returned due to the way Mrs K was choosing to manage her finance, as opposed to evidence of financial hardship.*

*I've also looked at Account 3, which also contains very few transactions. In terms of regular expenditure, it shows Mrs K had a Direct Debit of about £48 (the aforementioned loan). Account 3 also shows sporadic payments out to another individual. During the application, Everyday Lending asked Mrs K about these. The contemporaneous notes say: "...confirmed these are for money lent and confirmed this is only as she can afford to do and confirm no debt owed and no financial reliance.". Noting there were only a couple of transactions of modest value I think Everyday Lending had cause to accept this explanation without further exploration. And, I think it had reasonable grounds to discount this as a regular and ongoing expenditure for the purposes of its assessment.*

*Deducting all of the regular expenditure seen in Accounts 1-3 from Mrs K's income, it looked like she had about £370 left over each month, before the lending in question was taken into consideration. Once the repayments for the lending in question (£158.94) was deducted from this figure, Mrs K would have been left with about £212 to meet her other living costs and discretionary expenditure.*

*Therefore, even if Everyday Lending had conducted a more forensic analysis of Mrs K's expenditure using the information it had to hand, I think it would still have found that the lending was affordable and sustainable for Mrs K.*

*As I've set out, there were some potential indicators of financial hardship. In particular, I note a recent arrears marker on a credit card and several returned Direct Debits. However, the credit card had since been brought up to date and, it appears, the balance cleared at the point of sale. Further, a closer look at the returned Direct Debits suggest they were due to the way Mrs K was choosing to manage her finances (i.e. by transferring money from Account 1 to Accounts 2 and 3), as opposed to due to financial difficulties. In other words, I do not think the returned Direct Debits were because of an inability to meet these obligations.*

*With all of this in mind, and noting Mrs K had a low level of overall indebtedness, I don't think Everyday Lending acted unfairly by agreeing to lend.*

*Did Everyday Lending act unfairly or unreasonably in some other way?*

*In reaching my conclusion, I've also considered whether Everyday Lending acted unfairly or unreasonably in some other way given what Mrs K has complained about, including whether their relationship with her 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 Everyday Lending lent irresponsibly to Mrs K or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.*

*So overall and having considered everything, I don't think that Everyday Lending treated Mrs K unfairly or unreasonably when providing her with this loan. Therefore, whilst I appreciate this will be very disappointing for Mrs K, I'm not currently minded to uphold her complaint.*

## **Responses to my provisional decision**

*I gave both parties an opportunity to respond to my provisional decision.*

Neither party provided any further submissions.

The deadline to do so was 27 November 2025. As that deadline has now lapsed, I've reviewed the complaint again.

### **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 reconsidered the available evidence in this complaint – and in the absence of any further submissions or evidence from either party - I see no reason to depart from the findings set out in my provisional decision.

This being that, based on the information available, I do not think Everyday Lending made an unfair lending decision.

In reaching this conclusion, I've also considered whether Everyday Lending acted unfairly or unreasonably in some other way given what Mrs K has complained about, including whether their relationship with her might have been viewed as unfair by a court under s.140A Consumer Credit Act 1974.

However, for the reasons I've already given in my provisional decision, I don't think Everyday Lending lent irresponsibly to Mrs K or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

For the reasons set out here and in my provisional decision, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 30 December 2025.

Ross Phillips  
**Ombudsman**