

The complaint

Miss C complains Everyday Lending Limited trading as Evlo (Evlo) approved a loan that was unaffordable.

What happened

Miss C says Evlo approved a loan for £11,240 in May 2023, at a time when she was already heavily indebted and Evlo should have known the loan was unaffordable. Miss C says the loan Evlo agreed has made her financial situation worse and she has now entered into a debt management plan. Miss C wants Evlo to refund the interest on the loan along with 8% simple interest and to remove any adverse entries from her credit file.

Evlo says before it approved the loan it carried out a comprehensive affordability assessment, using information from Miss C's application, credit reference agencies, sight of bank statements and payslips and other external credit sources. Evlo says from the affordability assessment it carried out, it calculated after the consolidation of some identified external debts, the loan was approved for, the savings Miss C made left her with a net disposable income (NDI) of £86 per month - so the loan was affordable.

Evlo says the financial checks it carried out were proportionate to the amount of the loan it approved.

Miss C wasn't happy with Evlo's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator pointed out there were no set list of checks lenders like Evlo must undertake but these should be borrower focused. The investigator felt from the information available, Evlo had carried out various checks using external credit sources and there was no evidence of any financial pressure such as CCJ's or defaults recorded.

The investigator says Evlo undertook an affordability assessment which showed after consolidating some of Miss C's debts, in line with the purpose of the loan, she was left with a net disposable income of £86. The investigator went on to say there was an existing external debt about to be repaid, with monthly payments of around £254 per month, which meant Miss C's net disposable income was higher and the new loan looked affordable.

The investigator felt Evlo took reasonable steps to ensure the loan was both manageable and sustainable and didn't feel it had acted unfairly when approving the loan.

Miss C didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final decision.

I sent both sides a provisional decision, where I said:

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 have come to a different outcome to that of the investigator and I will

explain how I have come to my decision.

I was sorry to hear Miss C is now experiencing financial difficulties and that must be a source of worry for her. When looking at this complaint I will consider if Evlo acted unfairly when it approved the loan for £11,240 in May 2023 for the purposes of debt consolidation.

Miss C's complaint centres around her view that when Evlo approved the loan it was unaffordable given the level of indebtedness she had, based on her disposable income.

Evlo says it carried out comprehensive financial affordability checks before it approved the loan, which showed the new loan after consolidation of certain identified external debts, was affordable with a NDI available to Miss C of around £86 per month. While I understand the points Evlo makes here, I'm not fully persuaded by its argument and I will go on to explain why.

As the investigator has pointed out there are no set list of checks lenders like Evlo must carry out before approving credit facilities, but these should be borrower focused taking into account the amount, type, term and cost of any borrowing. I should say here it's not for me to tell Evlo what those checks must consist of, or from what sources those checks should come from.

It's worth saying here that I do agree with the investigator, insofar as Evlo carried out comprehensive financial and affordability checks before it approved the consolidation loan, but where I disagree is with the amount of NDI left available to Miss C once the consolidation of the identified external debts had been carried out.

Evlo provided this service with a detailed income and expenditure profile to justify its affordability modelling, which showed after the repayment of certain loans, credit cards and other indebtedness this would produce net savings of around £734 per month and after the cost of the new loan of £376 per month, this would leave Miss C with around £86 per month for future unexpected expenses.

Where I have an issue here is the investigator has added back a sum of £254 per month for a loan with another provider, that was due to come to end in May 2023, but from the information provided by Evlo, it had included that monthly cost in the £734 per month of net savings from the consolidation exercise.

So in fact the true NDI available was only £86 per month, as Evlo had already identified here.

With that in mind I don't agree this sum is sufficient headroom for any unforeseen expenditure over the next five years. It's worth saying here it's one thing to carry out affordability assessments as was the case here, but what is important having done so Evlo needed to evidence the amount of available NDI was a sensible and practical level of headroom for any unforeseen costs over the next five years, and I can't agree that was the case here.

So taking this into account I am satisfied the loan wasn't sustainable for the reasons I have already stated.

I propose Evlo reworks the loan account removing all interest fees and charges that have been applied.

If the rework results in a credit balance, this should be refunded to Miss C along with 8% simple interest per year calculated from the date of each overpayment to the date of*

settlement. Evlo should also remove all adverse information regarding this account from Miss C's credit file.

Or, if after the rework there is still an outstanding balance, Evlo should arrange an affordable payment plan with Miss C for the remaining amount, taking back the debt if sold to a third party.

Once Miss C has cleared the balance, any adverse information in relation to the account should be removed from her credit file.

**HM Revenue & Customs requires Evlo to deduct tax from any award of interest. It must give Miss C a certificate showing how much tax has been taken off if she asks for one.*

I've also considered whether Evlo acted unfairly or unreasonably in some other way given what Miss C has complained about, including whether its relationship with her might have been unfair under s.140A Consumer Credit Act 1974. However, as I am provisionally upholding this case I see no need to comment further here.

While Evlo will be disappointed with my provisional decision, I feel this is a fair outcome.

Both Miss C and Evlo have responded to my provisional decision, so the case has been passed back to me to make a final 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.

I gave both Miss C and Evlo until 17 December 2025 to accept or reject my provisional decision and while Miss C has accepted the provisional decision, Evlo have not.

Evlo have pointed out that it carried out a comprehensive affordability assessment approved by the FCA, and previously this service have not upheld complaints where the disposable income was less than £100 in the past. Evlo also point out that a buffer was added to Miss C's living expenses to cover unexpected or one off additional expenses.

While I understand the points Evlo make here it's worth saying that I can only consider the individual circumstances of this complaint. I did make clear in my provisional decision that I thought Evlo's affordability assessment process was comprehensive and I had no issue with that.

It's worth saying here even though a small buffer of around £35 per month was added to Evlo's affordability calculations, my concern here was more to do with ongoing sustainability of the new loan payments of £376 per month over the next five years, for what was after all a sizeable debt.

Here Evlo based its decision to lend on its own calculation of a NDI of around £86 per month. From the information I have seen, there is also a comment made in Evlo's account notes dating back to May 2023 when the loan was approved, accepting the NDI was a potential risk here, but on balance Evlo thought it acceptable because of the savings from the consolidation exercise.

I agree savings were made on the consolidation exercise, otherwise arguably there would be no purpose to it, but where I disagree with Evlo is the amount left available for Miss C, for any day to day non-essential and unexpected costs over the next five years was sufficient. I

say this because it would only take one of those unexpected costs to present itself, such as a major domestic appliance failing for example, or Miss C needing to cover the whole rent for a month before the new loan payments become at risk.

I've also considered whether Evlo acted unfairly or unreasonably in some other way given what Miss C has complained about, including whether its relationship with her might have been unfair under s.140A Consumer Credit Act 1974. However, as I am upholding this case I see no need to comment further here.

So with that in mind, I see no need to change my provisional decision and so my final decision remains the same.

Putting things right

I instruct Everyday Lending Limited trading as Evlo to rework the loan account removing all interest fees and charges that have been applied.

If the rework results in a credit balance, this should be refunded to Miss C along with 8% simple interest per year* calculated from the date of each overpayment to the date of settlement. Evlo should also remove all adverse information regarding this account from Miss C's credit file.

Or, if after the rework there is still an outstanding balance, Evlo should arrange an affordable payment plan with Miss C for the remaining amount, taking back the debt if sold to a third party.

Once Miss C has cleared the balance, any adverse information in relation to the account should be removed from her credit file.

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My final decision

My final decision is that I uphold this complaint.

I instruct Everyday Lending Limited trading as Evlo to rework the loan account removing all interest fees and charges that have been applied.

If the rework results in a credit balance, this should be refunded to Miss C along with 8% simple interest per year* calculated from the date of each overpayment to the date of settlement. Evlo should also remove all adverse information regarding this account from Miss C's credit file.

Or, if after the rework there is still an outstanding balance, Evlo should arrange an affordable payment plan with Miss C for the remaining amount, taking back the debt if sold to a third party.

Once Miss C has cleared the balance, any adverse information in relation to the account should be removed from her credit file.

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Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept

or reject my decision before 15 January 2026.

Barry White
Ombudsman