

## **The complaint**

Miss T complains that Everyday Lending Limited trading as Evlo (Evlo) acted irresponsibly when they agreed to lend to her.

## **What happened**

In July 2025, Miss T successfully applied for a loan with Evlo for £1,200 to consolidate lending from various payday loan accounts and to decorate her bedroom. The loan had an APR of 129.2% with monthly repayments of £122.67 over 18 months. Miss T says that it was irresponsible for Evlo to provide this loan because her credit file already showed clear evidence of financial difficulty and a history of missed payments at the time. Miss T says she was reliant on payday loans at this time and had over £20,000 of total unsecured debt, being close to the limit on her credit cards and consistently in overdraft.

Evlo thought their checks were fair, and they took steps to verify Miss T's disposable income to find that the loan was affordable. Miss T wasn't happy with Evlo's response and referred her complaint to us. Our investigator said that they didn't think that Evlo acted fairly. They thought that the checks Evlo carried were reasonable and proportionate, but that the resulting information showed that the lending was unlikely to be sustainable.

Miss T didn't dispute this position, but Evlo did. In summary, they said that they were clearing Miss T's payday loans, which would have gotten her out of the payday loan cycle she seemed to be in. They also thought there was no evidence to suggest she wasn't managing her other revolving credit well. They said that Miss T gave credible explanations for recent missed payments and her overdraft use.

Our investigator gave subsequent correspondence where they noted that the loan did not necessarily improve Miss T's position just because it was to clear payday loans, and the use of payday loans was a strong indicator that her finances weren't sustainable at the time. They also said that given the risk of financial difficulty, it wasn't enough to rely on the explanations given by Miss T about her overdraft and missed payments.

Evlo didn't agree and asked for an ombudsman to decide on the matter. So, the case has been passed to me 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 what both parties have said about Miss T's lending with Evlo. Having carefully considered everything, I don't think that Evlo acted fairly and reasonably.

The relevant rules, regulations, and guidance at the time of Evlo's lending decision required them to carry out proportionate checks. While there isn't a defined list of checks a lender needs to carry out, such checks should be proportionate, considering things like the type, amount, duration and total cost of the credit, as well as the borrower's individual

circumstances. These checks needed to assess Miss T's ability to afford the loan being approved and to be able to repay it sustainably, without causing her financial difficulties or harm.

It isn't sufficient for Evlo to just complete proportionate checks, they must also consider the information obtained from these checks to make fair lending decisions. I've considered the checks Evlo did and what they found from these checks.

Evlo completed an in-depth income and expenditure form with Miss T and verified her income and expenditure using open banking. They confirmed that Miss T was employed and found an average monthly income of around £2,908. Miss T said she lived with her parents and was paying £200 a month to them for housing. Evlo also used Office for National Statistics (ONS) data and compared this to the information found from conversations with Miss T and in open banking to find her monthly living expenses were £693, including a buffer. They found that she would have around £980 of existing credit commitments each month. Evlo found that Miss T had around £913 of disposable income once the new loan payments were taken into account.

Evlo also completed a credit check which showed that Miss T had around £19,710 in outstanding revolving credit commitments and £467 outstanding in non-revolving credit commitments. Credit Reference Agency (CRA) data didn't show any defaults or County Court Judgments (CCJs). However, there were some missed payments, including the previous month, and she was exceeding her credit limits on some credit cards. Miss T had outstanding payday loans, and Evlo confirmed the amount required to settle these as this loan was in part to consolidate these. I thought that the checks which Evlo carried out before lending were reasonable and proportionate in the circumstances.

I also have to consider if, based on the information within these checks, the information was considered fairly. The purpose of this new loan was for Miss T to redecorate her bedroom and to clear her payday loans. She said in an email as part of the loan application that she had around £750 of outstanding payments on her payday loans. Taking into account the level of payday loans, and the interest and term of the new loan, I don't think that it's fair to say that this new loan would most likely have put Miss T into a better position.

CRA data showed Miss T had a relatively high level of outstanding revolving credit debt, at nearly £20,000. She was exceeding her credit limits on several credit cards and was shown to have missed a payment the previous month on one of her accounts. She had taken out at least five payday loans within the few months leading up to this loan application. Evlo say that Miss T explained the recent late payment showing on her credit file was because she had recently changed her payment date with that provider, and she was contacting that provider to correct this. They also noted she was consistently in overdraft on one of her accounts and she explained she was expecting a bonus payment in two months and she would look to clear this. These explanations weren't verified further.

The checks carried showed Miss T she was repeatedly taking out payday loans in recent months, spending a significant portion of her income on repaying credit, exceeding her credit limit on some accounts, and had a reasonably high level of credit owed already. She had also consistently been in an overdraft with a number of bank returns showing failed payments in the months leading up to the loan application. So, while the disposable income that was found from these checks was sufficient on the face value cover the cost of the loan repayments, I think that her financial situation showed she was in financial difficulty.

Taking all of this into consideration, I don't think that the information available at the time showed that Miss T would be able to afford to repay the loan sustainably, without causing financial difficulties or harm. As such, I don't think that the decision to lend was fair.

In reaching my conclusions, I've also considered whether Evlo acted unfairly or unreasonably in some other way, including whether the lending relationship between Miss T and Evlo might have been unfair to Miss T under s140A of the Consumer Credit Act 1974. However, I'm satisfied that what I direct Evlo to do in the section below results in fair compensation for Miss T given the overall circumstances of her complaint. For the reasons I've explained, I'm also satisfied that, based on what I've seen, no additional award is appropriate in this case.

### **Putting things right**

As I don't think Evlo ought to have given the loan, I don't think it's fair for them to be able to charge any interest or charges under the loan agreement. But I think Miss T should pay back the amounts she has borrowed. Therefore, Evlo should:

Add up the total repayments Miss T has made and deduct these from the total amount of money she received.

- a) If this results in Miss T having paid more than she received, any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement).\*
- b) Evlo should also remove all adverse information regarding this account from Miss T's credit file.
- c) If any capital balance remains outstanding, then Evlo should arrange an affordable and suitable payment plan with Miss T. Once Miss T 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 take off tax from this interest. Evlo must give Miss T a certificate showing how much tax it's taken off if they ask for one.

### **My final decision**

For the reasons given above, I uphold this complaint against Everyday Lending Limited trading as Evlo.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 11 May 2026.

Frances Kerslake  
**Ombudsman**