

The complaint

Mr M complains that Everyday Lending Limited trading as Evlo lent to him irresponsibly when they provided him with a personal loan.

What happened

In December 2025, Mr M was provided with a personal loan by Evlo. The loan was for £12,198 and was repayable over 60 months, with monthly repayments of around £413.

Shortly after taking out the loan, Mr M complained. In summary, he said Evlo had irresponsibly lent to him and that sufficient checks – to ensure his affordability status – hadn't been undertaken.

Evlo didn't uphold the complaint. They said, in summary, that they had carried out checks proportionate to the amount being lent; those checks hadn't revealed any concerns, and on that basis, the loan had been granted. So, they were satisfied they had lent responsibly.

Mr M disagreed; he still thought Evlo were wrong to have lent to him. So, he referred his complaint to this Service for independent review.

An Investigator here considered what had happened; having done so, he agreed Evlo were wrong to have lent to Mr M, and recommended they put things right, in line with our service's approach to such matters; which included removing interest and charges, and refunding any payments over and above the capital sum borrowed - along with 8% simple interest. If the capital was yet to be repaid, he said Evlo should work with Mr M to agree a suitable repayment plan, and that once repaid, any adverse information recorded in respect of the loan should be removed from Mr M's credit file.

Mr M accepted the investigator's findings, but Evlo didn't, and maintained their position that their checks were proportionate and that they showed the loan to have been affordable for Mr M.

So, as no agreement has been reached by the parties, Mr M's complaint has now 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.

Having done so, I agree with the findings of our Investigator and for broadly the same reasons. I'll explain why.

The rules and regulations in place at the time Mr M was provided with the credit, required Evlo to carry out a reasonable and proportionate assessment of whether Mr M could afford to repay what he owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

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 Mr M. In other words, it wasn't enough for Evlo to just consider the likelihood of getting the funds back – they also had to consider the impact of any repayments on Mr M.

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 a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Evlo did what it needed to before agreeing to provide the above loan.

From the information I've been provided, when Evlo approved Mr M's loan application, they carried out a credit check, and asked Mr M for information in relation to his income and outgoings. They said they checked three months' worth of bank statements prior to their lending decision and used the lowest of his last two monthly wage credits when assessing his income. They also used information from the office of National Statistics (ONS data) to help estimate Mr M's general living costs.

Evlo told us that the results of these checks showed that after allowing for their monthly repayment towards the loan, Mr M would have been left with around £129 a month to cover any unexpected expenses. So Evlo felt that based on this assessment, they were satisfied the loan was affordable for Mr M.

The investigator argued that despite Mr M declaring receipt of a monthly child benefit payment, the bank statements Evlo had sight of didn't show any credits for this. And he concluded that had the child benefit payments been excluded from Evlo's income assessment, Mr M would have been left with a very small amount of money leftover - which, in his opinion, wasn't sufficient to meet the costs of any unexpected expenses. So, he said that Evlo's checks had failed to establish that this loan would have been affordable for Mr M.

Both the investigator and Evlo have made strong arguments here, as to why the child benefits payments should be excluded or included, and I can see both sides of the argument. But for me, there is a more important factor that this case turns on, that the investigator has pointed to within their assessment.

When Evlo arranged the loan for Mr M, the credit check they ran, showed recent missed payments towards one of Mr M's loans and one of his credit cards. Further checks of Mr M's statements also showed that Mr M was struggling maintaining his repayments, with around 25 returned direct debits in the months leading up to Evlo's lending decision.

Furthermore, not only should it have been apparent to Evlo - from the evidence they had sight of - that Mr M was struggling to repay several of his fixed monthly costs and was having payments returned regularly, several of these payments were towards his mortgage, usually considered a customer's highest priority debt. I can also see returned payments for insurances, and other fixed payments to finance providers.

Given the high volume of returned payments in the months prior to Evlo's lending decision, whether or not the loan may have appeared affordable on a pure pounds and pence basis (which is questionable, given the dispute over child benefit), it should've already been clear to Evlo that Mr M was struggling to keep afloat with payments towards his highest priority debts.

So, based on the information Evlo had themselves discovered, without conducting further checks, I think it should have been clear to them that Mr M was not in a position to sustainably repay the loan they had approved for him, and that therefore, it wasn't reasonable for them to have concluded that the loan would've been affordable for Mr M in the circumstances. So, for this reason, I'm upholding Mr M's complaint.

Finally, I've also considered whether the relationship might have been unfair under Section 140A (S140A) of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed below results in fair compensation for Mr M in respect of the loan provided. Based on what I've seen, S140A wouldn't warrant any additional compensation in this case.

Putting things right

Evlo should add up the total repayments Mr M has made and deduct these from the total amount of money they lent:

a) if this results in Mr M having paid more than he received, any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement). † Evlo should also remove all adverse information regarding this account from Mr M's credit file.

b) if any capital balance remains outstanding, then Evlo should arrange an affordable and suitable payment plan with Mr M. Once Mr M has cleared the balance, any adverse information in relation to the account should be removed from his credit file.

If Evlo has sold the debt to a third party, it should arrange to either buy back the debt from the third party or liaise with them to ensure the redress set out above is carried out promptly.

† HM Revenue & Customs requires Evlo to take off tax from this interest. Evlo must give Mr M a certificate showing how much tax it's taken off if he asks for one.

My final decision

My final decision is that I uphold Mr M's complaint. And I direct Everyday Lending Limited trading as Evlo to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 March 2026.

Brad McIlquham
Ombudsman