

The complaint

Everyday Lending Limited trading as Evlo provided Mr S with two unsecured loans. The first was for £3,350 in August 2024. Under this agreement, Mr S was due to pay around £225 per month for 36 months. The second loan was for around £4,000 and included a re-finance of the first loan. This one required Mr S to pay around £247 per month for 48 months. Mr S says the credit was provided irresponsibly.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them here. The facts aren't in dispute, so I'll focus on giving the reasons for my decision.

Evlo accepted our investigator's findings in relation to the second loan, so there's no need to look into this further. But, for the avoidance of doubt, the redress I set out below is in relation to both loans.

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.

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 Mr S's case.

I've decided the first loan wasn't provided fairly because:

- I think the checks Evlo did before providing the credit were reasonable and proportionate given the credit they offered and what they knew about Mr S's financial situation. That's because Evlo obtained Mr S's credit history and open banking data and then had a detailed conversation with Mr S over the phone to discuss his credit history, income and expenditure.
- But, based on the information Evlo gathered and what they knew about Mr S's circumstances, I think they should have realised Mr S was likely to be unable to sustainably repay what he was being lent.
- I say this because the information Evlo obtained showed that Mr S's regular income was £1,657 per month. Evlo used a figure of around £1,767 in their affordability calculations. They've explained that they added £110 for child benefit because Mr S had told them he had a dependent. But the open banking evidence shows Mr S wasn't in receipt of child benefit – so this shouldn't have been included.
- Once the child benefit is excluded from the analysis, the remaining disposable income is less than Evlo's own £50 threshold – at around £37 per month. I'm satisfied it would have been unfair for Evlo to conclude that this level of disposable

income would be sustainable for Mr S.

This means I don't think Evlo should have provided the loans to Mr S.

I've considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I'm awarding in this case, as set out below, results in fair compensation for Mr S in the circumstances of this complaint. I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right

As Evlo shouldn't have approved the loans, it's not fair that Mr S pay any interest or charges for the borrowing. He did have use of the funds he was lent, so it's fair he repays them. Evlo should therefore calculate what Mr S has paid towards the two loans, taking into account the fact that the second loan refinanced the first, and anything he's paid above the amount lent should be refunded.

To settle Mr S's complaint then, Evlo need to do the following:

- In relation to each loan, refund to Mr S all amounts paid in respect of the agreement above the amount originally lent, along with 8% simple interest per year* calculated from the date of each overpayment to the date of settlement.
- If Mr S has paid less than the amount originally lent, arrange a sustainable payment plan for any shortfall.
- Once Mr S has repaid the amount originally lent in full, remove any adverse information recorded on his credit file regarding each agreement.

* HM Revenue & Customs requires Evlo to deduct tax from any award of interest. Evlo should provide Mr S a certificate showing how much they've taken off so that he can reclaim that amount, assuming he is eligible to do so.

My final decision

My final decision is that I'm upholding this complaint. Everyday Loans Limited trading as Evlo must put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 11 March 2026.

Clare King
Ombudsman