

## **complaint**

Mr R complains that the loan provided to him by Everyday Loans Limited was unaffordable. He'd like it to refund at least half of the interest he'd paid. In addition Mr R is unhappy at the time taken by Everyday Loans Limited to respond to his complaint.

## **background**

In June 2016 Mr R took out a loan for £2,500 over 24 months with monthly repayments of £195. Mr R paid the loan off in November 2017.

In March 2018 Mr R complained the loan had been unaffordable at the time it was agreed. He said he had a number of short terms loans that he was struggling to repay and he was falling into financial difficulties as his statements would have shown. He felt Everyday had been irresponsible in offering him the loan and hadn't taken into account all of his credit or that he was missing payments and at the limit of his overdraft. He said he wanted a refund of the interest he'd paid. Mr R also complained that Everyday hadn't responded to his complaint within 5 days as it was required to do.

Everyday disagreed and said it had carried out a number of checks before agreeing the loan. These included checks on Mr R's income, his bank statements and his other credit commitments. It had seen some payments from Mr R to gambling sites but it had accepted his explanation that he was living at home at minimal expense and so this was affordable overall. Mr R had said he was planning to use the loan to consolidate some of his short term lending. This would have reduced his overall payments and, on that basis, it was satisfied the loan was affordable so it didn't agree to refund the interest.

However it accepted that it hadn't passed on Mr R's complaint when he first raised it and sent him a cheque for £30 for this.

Our investigator considered the complaint but said she was satisfied Everyday had carried out appropriate checks on Mr R's income, assets and outgoings at the time to see if Mr R could afford the loan. It had carried out an affordability assessment that showed that, if the loan was used to pay off some of Mr R's short terms loans, as he'd said he would, he'd be left with a disposable income of £487.24. On that basis she couldn't say the loan wasn't affordable.

Mr R disagreed and said he'd incurred debts of around £14,000 a few years ago but had now managed to get more than half of this written off. He'd raised similar complaints with other lenders and his complaints had been upheld. He asked for his complaint to be referred to an ombudsman.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I know this isn't the decision Mr R was hoping for but, having done so, I won't be asking Everyday to write off any of the interest as I'll now explain.

I've seen Mr R's referred to other similar complaints but each case is looked at on its own facts so the fact other lenders have written off some of their loan or interest doesn't mean Everyday has to do the same. It depends on the facts at the time the loan or credit was arranged and this will be different in every case.

Mr R made an online application to Everyday for a loan in June 2016. Before agreeing to lend Everyday, like all lenders, has to make sure that the loan is affordable, that is that the borrower can make the repayments without undue difficulty taking into account their circumstances and other commitments. Any payments should be affordable based on the borrower's income and be sustainable. Although there's no set checks a lender has to carry out, any checks must be proportionate to the loan and the borrower.

In this case Everyday carried out a number of checks. It asked Mr R to come into the office for a face to face interview as part of the application process. It went through his recent bank statements and wage slips. It also discussed his circumstances with him and the fact that he'd taken out a number of short terms loans to tide him over when he changed jobs. Initially it appeared that this loan wouldn't be affordable but Mr R said he was planning to use this loan to repay the short terms loans. If he did then the assessment showed he'd have approximately £487.24 disposable income each month. In the circumstances I'm satisfied Everyday carried out reasonable checks on Mr R's income and that, on what was known at that time, the loan was affordable.

I've seen Mr R says he was at the limit of his overdraft and it was clear he was falling into difficulty. However Mr R had explained this was a short term situation caused by his changing jobs and that he was now back in employment as his wage slips showed. I consider Everyday was entitled to rely on this, in addition to the other information as to his income and outgoings.

I've also considered the notes of Mr R's account that showed Mr R had had some problems with his payments in November and December 2016. But Mr R was again clear in his discussions with Everyday that this was a temporary issue. And it seems this was the case as he then continued with his payments in January 2017 onwards (as well as repaying the arrears) before repaying the loan in full in November 2017. Looking at this I don't see a pattern of missed or reduced payments to indicate that Mr R was struggling with his repayments in general.

I realise Mr R will be disappointed by my decision but for the reasons given I don't agree the loan was unaffordable and I won't therefore be asking Everyday to refund any of the interest paid by Mr R.

Everyday's acknowledged it mishandled Mr R's complaint initially and sent him a cheque for £30 for any inconvenience caused by this. This seems fair to me. While there was a delay in passing on the complaint, I've seen nothing to show it was anything other than a genuine mistake and as soon as the mistake was known, Everyday took steps to deal with it straight away. I don't think it could have done much more and for that reason I consider the amount it's paid to be reasonable.

**my final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 28 September 2018.

Cerys Jones  
**ombudsman**