

## **complaint**

Mr G complains that Everyday Lending Limited provided him with a loan that was unaffordable.

## **background**

Mr G took out a £4,500 loan with Everyday Lending in May 2016. The loan had a 36 month term with repayments of £327.45 a month.

Mr G says that at the time of the loan he had had several payday loans and had a gambling addiction. He says that had Everyday Lending carried out the correct background checks it would have realised it shouldn't have lent to him.

Everyday Lending says that the necessary checks were carried out. It says that based on Mr G's income and expenditure information he had sufficient disposable income to make the repayments. It says that Mr G provided evidence to show he had repaid other loans and had said that the loan would be used to consolidate other debts.

Our adjudicator did not uphold this complaint. She thought that the checks Everyday Lending carried out were proportionate. She said having looked at the information Everyday Lending gathered she thought it was correct in assuming the loan would be affordable.

Mr G did not accept our adjudicator's view. He said that he had a number of payday loans active at the time the loan was provided and that a review of his income and expenditure would have shown the loan repayments were not affordable. He said that his bank statements which Everyday Lending reviewed showed he had no money by the middle of each month and that he had a number of payday loans outstanding. He said that it was clear he was not in a stable financial position and the loan should not have been provided.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr G took out a loan for £4,500 with Everyday Lending with monthly repayments of £327. Before agreeing to lend to Mr G, Everyday Lending had to make sure that he could afford to repay the loan. Affordability checks should be proportionate. What is proportionate depends on things like - but is not limited to – the size of the loan, the repayments, what Everyday Lending knew about Mr G, and what he told it about his circumstances.

Everyday Lending carried out checks before lending to Mr G. It verified Mr G's employment and gathered information on his income and expenses. It noted that he was living with his parents or in accommodation linked to his job and had a monthly income of just over £2,000. It calculated his living expenses as 35% of his income and included credit commitments of around £450.

Based on the income and expenditure information, Mr G's disposable income was sufficient to cover the monthly repayments of £327.

As this was Mr G's first loan I think that checking his income and expenditure and his regular financial commitments before lending to him was sufficient. I do not find that the information

provided would have raised concerns that would have meant further checks should have been carried out.

However Everyday Lending did carry out further checks and so it is reasonable that the information it gathered through these was taken into account before the loan was provided. Everyday Lending checked Mr G's bank statements from both his accounts for March to May 2016. It noted that there were gambling transactions but said these weren't excessive. It also noted that Mr G wanted the loan to consolidate existing loans particularly to clear his payday loans.

I have looked at the banks statement that Everyday Lending saw. I can see that these confirm Mr G's income. They show that Mr G was spending money on gambling but I accept that this was not at a level that would have meant Everyday Lending should not have provided the loan.

Mr G was making frequent use of short term lenders and he was spending a large amount making his repayments to these. He also had other credit commitments. Everyday Lending recorded his credit commitments but excluded his short term loan commitments. I can see from the system notes that Mr G said the purpose of the loan was to break his cycle of borrowing and consolidate his debts and I note that a number of accounts were settled before the loan was taken out. Based on this I find it reasonable that Everyday Lending provided the loan even having seen Mr G's use of short term lenders.

Everyday Lending was not required to check Mr G's credit report before providing the loan. I have looked through the credit report Mr G has provided and I can see had some historic defaults from 2012 which had been satisfied. The recent defaults were recorded after the loan was provided.

Overall, I think that Everyday Lending did carry out sufficient checks before lending to Mr G. Because of this I do not uphold this complaint.

### **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 G to accept or reject my decision before 20 December 2017.

Jane Archer  
**ombudsman**