

The complaint

Mr W complains that Everyday Lending Limited (“Everyday Lending”), trading as Everyday Loans, irresponsibly gave him a loan that he couldn’t afford.

What happened

In August 2021, Mr W applied for and was accepted for a loan by way of a fixed sum loan agreement with Everyday Lending. He was given a loan of £3,000 repayable over 24 months with a monthly repayment of £290.01. The loan was intended to help Mr W to consolidate some of his existing debt and also to pay for some home improvements.

Mr W complained to Everyday Lending, saying that the account shouldn’t have been opened for him because it wasn’t affordable.

In my provisional decision dated 16 January 2024 I set out why I wasn’t intending to uphold this complaint. Essentially, I wasn’t satisfied from what I’d seen that the loan was likely to be unaffordable for Mr W. I set out an extract below:

“Mr W’s complaint is that Everyday Lending made credit available to him that was unaffordable. To accompany the loan application Mr W had to provide bank statements and a payslip for one month. These confirmed Mr W’s income and expenditure. Mr W also told Everyday Lending that his partner was earning a monthly income, albeit this was a lot lower than his.

Everyday Lending also carried out a credit search in Mr W’s name to assess Mr W’s level of debt at the time of the lending decision and to understand how he had been managing that debt. Everyday Lending told us that the credit check it obtained showed that Mr W’s credit history was very clean at the time of the loan application. This showed that Mr W’s management of his existing credit didn’t have any recent history of county court judgments, defaults or other adverse indicators on his credit record. That all makes me think that at the point the lending was agreed Mr W was managing his existing credit.

I’ve seen that Mr W’s existing monthly credit payments were around £1,500 each month. And I’ve noted that some of it – two of the credit cards – was due to be repaid by this loan. Mr W’s income was not modest in itself or in comparison to his committed expenditure. Mr W was earning an average net monthly income of around £5,800, based on the payslip details he provided as part of the application process. He also advised that he was eligible for a quarterly bonus. Everyday Lending also looked at some of Mr W’s bank statements and spoke to him at some length to try to work out what his monthly expenditure was, taking into account his non-credit spending and regular living costs, such as housing, food and transport. This was calculated to be around £4,700 before taking on the new loan. Everyday Lending therefore calculated that Mr W would be left with a good amount of disposable income after the loan was granted.

Thinking about all this, I’m so far not persuaded that Everyday Lending had sufficient reason not to lend to Mr W or that the new borrowing was likely to be automatically unreasonable. I say this having reviewed the bank statements Mr W provided to Everyday Lending at the

time. These give a snapshot of his financial situation in the month before the loan. From my review, I can see that Mr W's credit and non-credit monthly commitments seem to be broadly consistent with the conclusions Everyday Lending reached before making its decision to grant the lending. "

Mr W is unhappy with my provisional finding. He provided additional evidence about his financial situation at the time and set out a number of points to support his view that Everyday Lending ought to have recognised that the loan was likely to be unaffordable to him.

I asked Everyday Lending for more information about its calculations when agreeing to the lending.

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.

Everyday Lending will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

I've read and considered the whole file. I have also carefully reviewed and considered all the new evidence and information the parties have provided to me in response to my provisional decision. Having done so, I will not be upholding this complaint. I will explain why.

I said in my provisional decision that I wasn't persuaded that Everyday Lending had acted unreasonably in granting the loan. I also thought that, based on what it had seen at the time and what Mr W had told it about his finances, Everyday lending had acted fairly when it made its lending decision.

I can see that a key issue of concern for Mr W about my provisional findings relates to the level of earnings he was receiving at the time. Mr W says his bank statements show he didn't have enough disposable income to afford the loan and his payslips show he wasn't earning what Every Lending thought he was earning.

Everyday Lending says it calculated Mr W's average net monthly income as £5,761 for the year to date based on the payslip evidence he provided. Everyday Lending also referred to the notes of the loan interview – I have requested the recordings of that interview but they are unfortunately no longer available. As I said in my provisional decision, Mr W had said he received a £12,000 bonus every quarter on top of his stated income. Everyday Lending checked this and found that the bonus that was being paid appeared to be supported by the level of total earnings shown on the payslip Mr W had provided.

So, whilst I cannot know for certain what was said at the loan interview meeting, the paperwork I've seen supports that this important aspect of Mr W's financial position was considered and factored into the discussion about affordability and ultimately, Everyday Lending's decision to lend to him.

I therefore think Everyday Lending acted fairly and reasonably in relying on all the evidence it had seen and been told about Mr W's financial circumstances in order to conclude that the loan was likely to be affordable to Mr W, leaving him with enough disposable income available to him each month after allowing for his existing financial commitments.

It follows that, having carefully considered all the evidence and information that has been provided to me by the parties, particularly that which was available at the time of the lending decision, I have not found sufficient evidence to say that Everyday Lending acted unreasonably in arriving at its decision to agree to granting the loan. My decision therefore remains that I will not be upholding this complaint.

I know that Mr W will be disappointed with my decision, in itself and especially because he has invested time and energy in pursuing his complaint, including responding to my provisional finding. But I would like to assure him that I have carefully considered all the evidence and information that has been submitted in the complaint. I have not however found sufficient evidence to uphold the complaint.

My final decision

For the reasons I've given above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 22 March 2024.

Michael Goldberg
Ombudsman