

Complaint

Mr P has complained about a loan Lendable Limited (“Lendable”) provided to him. He says the loan was unaffordable.

Background

Lendable provided Mr P with a loan of £1,000.00 in June 2019. This loan was due to be repaid in 35 monthly instalments of £37.09 and a final instalment of £26.58. One of our adjudicators reviewed what Mr P and Lendable told us. She thought Lendable hadn’t done anything wrong or treated Mr P unfairly. So she didn’t recommend that Mr P’s complaint be upheld. Mr P disagreed and asked for an ombudsman to look at his complaint.

My findings

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We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr P’s complaint.

Lendable needed to make sure that it didn’t lend irresponsibly. In practice, what this means is Lendable needed to carry out proportionate checks to be able to understand whether Mr P could afford to repay before providing this loan. Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Lendable provided Mr P with a loan for £1,000.00 in June 2019. The loan had an APR of 21.8% and was to be repaid in 36 instalments of around £37, which meant the total amount to be repaid was £1,324.73. Lendable says it agreed to Mr P’s application after he provided details of his monthly income and some information on his expenditure. It says it cross-checked this against information on a credit search it carried out. It says all of this showed Mr P could comfortably make the relatively low monthly repayments. On the other hand, Mr P says he was in financial difficulty and shouldn’t have been lent to.

I’ve carefully thought about what Mr P and Lendable have said.

The first thing for me to say is that Lendable has provided a record of the credit search information it received. Lendable searches showed Mr P had had some historic payday

loans. But there wasn't anything to suggest that he'd taken any loans in the months leading up to this application. Mr P may have had some existing debts but these don't appear excessive. And bearing in mind Mr P's income and the low monthly payments for this loan, I don't think that it was unreasonable for Lendable to have proceeded with this application.

I accept that Mr P's actual circumstances may not have been fully reflected either in the information he provided, or the information Lendable obtained. I know that he took out further credit after this loan and he was gambling. But the key here is that it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. Given the circumstances here, and the lack of obvious inconsistencies, I don't think that reasonable and proportionate checks would have extended into obtaining Mr P's bank statements. And even then Mr P's statements in the leadup to the application don't show that he wasn't able to repay £37 a month.

As this is the case, I don't think that Lendable did anything wrong when deciding to lend to Mr P - it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable. So overall I don't think that Lendable treated Mr P unfairly or unreasonably when providing him with his loan.

I've also seen considered Lendable's actions once Mr P said he couldn't make payments. And it does look as though Lendable took reasonable steps to work with Mr P. It reduced Mr P's payments for three months when he got into contact and extended this when Mr P said he was still unable to make payments further down the line. So I think that Lendable did exercise forbearance when Mr P ran into difficulty making his payments and I don't think that it acted unfairly or unreasonably towards Mr P in some other way.

Overall and having carefully considered everything, I'm not upholding Mr P's complaint. I appreciate this will be very disappointing for Mr P. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

Although I'm not upholding Mr P's complaint, I'd like to remind Lendable of its ongoing obligation to exercise forbearance in light of what Mr P has said about his ability to make payments to this loan, should it choose to collect payments from him and it be the case he's still experiencing financial difficulty.

My final decision

For the reasons I've explained, I'm not upholding Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 5 April 2021.

Jeshen Narayanan
Ombudsman