

## **The complaint**

Mr A complains Admiral Financial Services Limited shouldn't have offered him a personal loan as it wasn't affordable for him. Mr A is represented in this complaint by his wife, but to keep things simple I'll only refer to Mr A.

## **What happened**

In April 2018, Mr A applied online for an Admiral personal loan of £5,000, and Admiral agreed to the loan. From November 2018 Mr A started to have difficulties making his monthly loan repayments, and Admiral says he sent it a debt management plan proposal.

In April 2021 Mr A complained to Admiral that it had mis-sold him the loan, as he didn't think it had carried out enough checks that it was affordable for him. But Admiral didn't uphold Mr A's complaint. It said it carried out its standard checks, which showed Mr A had a good credit rating and history. It said Mr A's unsecured debt was £7,356, and that Mr A had declared his salary was £40,000 and that the loan was for debt consolidation. So it was reasonable for Admiral to think the loan would settle most of Mr A's other debt. Admiral said Mr A kept up his repayments for seven months before it received his debt management plan proposal.

Unhappy with this, Mr A brought his complaint to our service. He thought Admiral mis-sold the loan and hadn't properly checked his finances and personal situation. He said the information Admiral used to check his affordability just showed an income of £40,000 with very little expenditure, and Admiral didn't question this. Mr A wanted Admiral to put things right by refunding his interest and charges with interest on top, and by removing any negative information it had recorded on his credit file.

After looking into Mr A's complaint, our investigator said Admiral carried out proportionate checks and had acted reasonably in agreeing the loan.

Mr A disagreed. He said not having a bad credit record didn't mean he could afford this loan. And that Admiral hadn't verified his income or questioned why the £350 of monthly expenses it had taken account of didn't add up to what might be expected for a homeowner. He asked where this information had come from and why Admiral hadn't questioned it.

As Mr A disagreed with our investigator, his complaint was passed to me for a decision.

## **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.

Admiral says it sold this loan on a non-advised basis, and I've not seen anything to suggest Mr A received advice from Admiral. From my knowledge of the industry, it's rare that a personal loan would be sold on an advised basis. And while Admiral may have offered the loan, it was ultimately up to Mr A to decide to apply for it and to decide if he wanted to accept

the loan Admiral offered him. So I don't agree that Admiral needed to check the loan was suitable for him.

However, Mr A says Admiral shouldn't have offered him the loan as it was unaffordable. Broadly speaking, lenders are required to check whether lending is affordable for a consumer and carry out checks proportionate to the amount being borrowed. And having reviewed the evidence I have, I think Admiral did carry out proportionate checks here.

From the loan applications, I can see that Admiral firstly considered Mr A's income and expenditure at that time. Admiral's system records show that in his online application, Mr A said he had an income of £40,000. I know Mr A thinks Admiral should have verified his salary. But as I say, Admiral only needed to carry out proportionate checks, not verify every piece of information Mr A gave it. And given that £5,000 is a relatively small amount compared to Mr A's declared income of £40,000, I'm satisfied it wasn't a requirement for Admiral to verify Mr A's income.

I can see that in his online application, Mr A also told Admiral his monthly expenses (mortgage, debt repayment and other living expenses) totalled £2,152.97. Admiral has explained that it doesn't include all of those expenses in its affordability calculations. It's not my role to tell Admiral what its processes should be or what information it should include in its lending calculations.

But in any case, I can see that even if Admiral had included all of the monthly expenses Mr A had told it about, the monthly repayment for this loan would still have been within the disposable income Mr A had left over each month. Admiral says Mr A told it this loan was for debt consolidation, and I've not seen that Mr A disputes this. Given this, I don't think it was unreasonable for Admiral to say it expected Mr A to use the loan to repay most of his debts with other lenders and that his existing monthly debt repayments would therefore reduce.

Admiral also considered Mr A's credit record when deciding whether to approve this loan. I've seen a copy of this and it doesn't show any arrears, defaults or other information to suggest Mr A had difficulty managing his finances at that time.

I've also seen that Admiral passed the information it had through its system and that Mr A's loan application passed Admiral's lending checks. Taking all this into account, I'm satisfied Admiral carried out proportionate checks here, and that it made a fair lending decision.

It may be that Mr A's circumstances changed after he took out this loan and he went on to have financial difficulties. But I'm not persuaded that was because this loan was unaffordable. So while I realise this isn't the outcome Mr A hoped for, I'm satisfied Admiral hasn't treated Mr A unfairly or unreasonably here.

**My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 11 November 2021.

Ailsa Wiltshire  
**Ombudsman**