

The complaint

Mr W complains that Lendable Ltd trading as Zable (Zable) irresponsibly issued him with a credit card.

What happened

Mr W successfully applied for a credit card with Zable in March 2022. He was given a credit limit of £200, which wasn't raised. He maintained the account, and paid at least the minimum monthly payment until July 2022, when it fell into arrears. Zable has told us it attempted to reach out to Mr W to agree a repayment plan but has been unsuccessful.

Mr W complained that he didn't think Zable had done a proper check on him when it issued the card. He referred to having gambling on his statement and that it has affected his mental health.

On referral to the Financial Ombudsman our Adjudicator said that Zable had carried out adequate credit checks and that the results of those checks indicated that the payments on the card were affordable.

Mr W disagreed and the matter has been passed to me for further consideration.

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.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I've taken that approach into account in considering Mr W's complaint. So, before providing credit, lenders need to complete reasonable and proportionate affordability checks. There isn't a set list of checks a lender is required to carry out, but it needs to ensure the checks are proportionate when considering things like: the type and amount of credit being provided, the size of the regular repayments, the total cost of the credit and the consumer's circumstances. As a lending relationship continues over time and the level of credit increases, lenders may need to obtain further information from a borrower to check whether they're lending responsibly and that the repayments are sustainable for the customer.

Considering the relevant rules, guidance, and good industry practice, I think the questions I need to consider in deciding what's fair and reasonable in the circumstances of this complaint are:

- Did Zable complete reasonable and proportionate checks to satisfy itself that Mr W would be able to repay the credit advanced in a sustainable way?
- If not, would those checks have shown that Mr W would have been able to do so?

Zable carried out a credit check on Mr W and considered the information set out in his

application. He declared a monthly net income of £1,268, which Zable had verified through an independent check. The credit report showed that Mr W had eight defaulted accounts though none in the previous 12 months. He also had four active accounts consisting of three current accounts and one loan with a monthly payment of £25, where he had kept up with any relevant payments. Zable carried out an affordability check which estimated that Mr W was paying about 8% of his income on credit commitments.

Mr W refers to gambling appearing on his “statement”. By this I assume he means his bank statement as credit card holders haven’t been able to use their cards for gambling since April 2020. Unfortunately Mr W hasn’t supplied a copy of any relevant statement. However, the credit check didn’t show any of his current accounts to be in overdraft.

I have to bear in mind the low amount of credit provided, of £200, which if Mr W had made the recommended monthly payment of 5%, would have meant a liability of £10 a month. Also the card was a high interest card designed for applicants to build their credit rating. So it could fairly be expected that it would be available to people with a poor credit rating.

I think Zable carried out proportionate checks and there was nothing revealed by those checks to indicate it needed to consider any additional checks. In particular in my view it didn’t need to see bank statements. And if it had seen those statements I do not know what they might have shown.

So I think that Zable acted reasonably in determining that the card was affordable and in providing it to Mr W. I’m sorry if his debt problems have affected his mental health. I would urge him to contact Zable to agree a repayment plan.

My final decision

I don’t uphold the complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr W to accept or reject my decision before 13 July 2023.

Ray Lawley
Ombudsman