

## **The complaint**

Miss B complains that Admiral Financial Services Ltd, trading as Admiral Money, irresponsibly gave her a personal loan that she couldn't afford. For simplicity, I will refer to the business throughout as 'Admiral'.

## **What happened**

In January 2023, Miss B applied for a loan with Admiral. She was given a loan of £7,000 which was repayable by way of 36 monthly payment of £263.39.

Miss B got into difficulty with meeting the monthly repayments soon after taking out the card.

Miss B has complained to Admiral to say that the account shouldn't have been opened for her because it wasn't affordable.

Our investigator recommended the complaint not be upheld. Miss B didn't agree. So, the complaint has been passed to me to decide.

## **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.

I've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

Admiral 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.

Miss B's complaint is that Admiral made credit available that was unaffordable. Admiral has explained that it carried out some checks to determine the amount of credit it was able to offer at the time of the lending. And it relied on information provided by Miss B in support of her application. It's possible that Admiral failed to make adequate checks before providing Miss B with credit. But even if that's true, I don't think better enquiries would have caused Admiral to think the initial credit was unaffordable.

I say this because Miss B told Admiral at the point of sale that she was working and in receipt of monthly income. Miss B also told Admiral that the purpose of the loan was for debt consolidation with the remain for home improvements. And Miss B and Admiral went through all the credit that Miss B planned to repay, including the amount of the credit and the monthly cost of it. The loan that Admiral agreed for Miss B provided enough to pay off the loans Miss B discussed with Admiral as well as a structured way of repaying those credit sources

that had no such repayment plan in place. The new loan would cost Miss B round £40 less than the cost of maintaining the existing arrangements.

Admiral made use of statistical data to work out what Miss B's monthly costs for non-credit monthly expenses were likely to be. Miss B had confirmed that her monthly rent was £625 – but Admiral allowed for a potential increase in Miss B's rent costs. Admiral also calculated that Miss B's monthly living costs were around £860. It also factored in a nominal pension contribution of around £150. Taking all of this into consideration, Admiral thought Miss B would be left with around £1,100 in disposable income.

Given the amount and length of the loan, and that at least half of it was being used to consolidate existing debt, I think the checks Admiral carried out were reasonable and proportionate. I can see that Miss B was taking practical steps to manage her existing debt by taking out this loan and using it to secure more favourable terms to existing credit. She was saving money whilst also obtaining further funds. Admiral accepted the loan would amply cover Miss B's existing debts and enable her to use the remaining funds for the home improvements she wished to carry out.

I've not seen any evidence to show or suggest that at the point of granting the loan there was a risk that Miss B might be getting into financial difficulty. In particular, Miss B did not mention that she might be intending to use the funds for other purposes that might put her at risk of getting into further debt. Had such a suggestion been made or had it become apparent from the credit checks, I would have expected Admiral to carry out further enquiries. I've also noted that when Miss B first contacted Admiral, having started getting into difficulty with meeting payments in April 2023, there was no suggestion that this might have been due to the way the funds had been used or issues with gambling that Miss B has mentioned in her complaint. In fact, Miss B cited another reason for financial difficulties.

So, as things stand, I don't think that based on what it found before approving the loan, that Admiral was acting unfairly in granting the full amount Miss B had applied for.

Having considered all the details that have been provided about income and expenditure in this complaint, I've seen insufficient evidence that this loan represented unaffordable lending at the time it was provided.

I know that Miss B will be disappointed with my decision, especially given that she has had some success with other complaints. As Miss B will be aware though, we consider every complaint on its own particular merits.

It follows that I have not found sufficient evidence to uphold this complaint.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 7 February 2024.

Michael Goldberg  
**Ombudsman**