

## The complaint

Miss C complains that the loan she had from Lendable Limited was unaffordable to her.

## What happened

Miss C had one loan from Lendable in July 2020 as follows:

<u>Loan</u>	<u>Date</u>	<u>Amount</u>	<u>Term</u>	<u>Repayment</u>	<u>Due</u>	<u>Repaid</u>
1	26 Jul 2020	£2,000	24m	£120.79	26 Jul 2022	N/A

Miss C says when she applied for the loan online, she wasn't required to provide much information. She says she had numerous credit facilities already and was only receiving benefits. Miss C says she has been affected by stress as she had little income and was relying on credit facilities.

Lendable says all affordability, credit and income checks were carried out at the time of the application and Miss C fulfilled its criteria. It says there was nothing of concern on her credit file and it verified her income before approving the loan. Lendable adds that Miss C made contact about a change of circumstances in October 2020, and it agreed to reduce payments for three months. Following further contact in February 2021, Lendable says it asked about a manageable level of repayment but heard nothing until Miss C complained in December 2022. It says it accepted Miss C's repayment proposal and will continue to offer support to her.

Our investigator did not recommend the complaint should be upheld. He found that Lendable carried out reasonable checks and he considered there was no information that suggested the lending was unsustainable.

Miss C responded to say, in summary, that Lendable did not consider whether the payments were sustainable longer term. She said she was on benefits and most of her income was already spent on credit. Miss C adds that she'd borrowed £1,000 from another lender just a week before this loan as she was struggling to pay her bills. She says that 43% of her income was going on debt repayments and she could not afford to live on the remaining 57%.

## Provisional findings

I issued a provisional decision to Miss C and to Lendable on 20 July 2023. I've summarised my findings below:

- I didn't consider Lendable's checks went far enough because:

- The loan was for two years and Lendable needed to be satisfied that the repayments were sustainable for that period;
  - Miss C was already committed to around £300 per month in credit repayments and with the new repayment it would have meant she would be spending around 29% of her income on credit repayments;
  - 8 of the 11 active credit accounts had been opened in the last year;
- I thought this should have indicated to Lendable that it needed to fully understand Miss C's financial situation and I used her bank statements as a reasonable proxy for what proportionate checks would have found:
    - Miss C's income, from benefits, was around £1,438 per month;
    - She spent about £577 on rent and bills each month;
    - Other regular expenditure on car insurance, tax and communications came to about £176;
    - With existing credit costs of around £300, this left Miss C with about £385 with which to pay for food, travel and other regular expenditure, plus the new loan repayment.
  - As Miss C said she was a single parent with two children at the time of the lending, I was satisfied that further borrowing was unsustainable for her and that Lendable did not make a fair lending decision. I noted that Miss C was only able to make the first two repayments on time, although I can't see Lendable acted unfairly in its response to her financial difficulties.

Based on all the evidence, I did not find Lendable made a fair lending decision, but I couldn't see it acted unfairly in any other way.

Neither Miss C, nor Lendable, provided any additional information in response to my provisional 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.

As neither party provided any additional information, I see no reason to depart from my provisional decision.

### **My final decision**

My decision is that I uphold this complaint. Lendable Limited should:

- Add up the total amount of money Miss C received as a result of having been given the loan. The repayments Miss C made should be deducted from this amount.

- If this results in Miss C having paid more than she received, then any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement). \*
- If any capital balance remains outstanding, then Lendable should attempt to arrange an affordable and suitable payment plan with Miss C;
- Remove any negative information recorded on Miss C's credit file about the loan once it has been repaid.

\* HM Revenue & Customs requires Lendable to take off tax from this interest. Lendable must give Miss C a certificate showing how much tax it's taken off if she asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 18 September 2023.

Amanda Williams  
**Ombudsman**