

The complaint

Mr J says Lendable Ltd, trading as Zable, irresponsibly lent to him.

What happened

Mr J applied for a credit card from Lendable on 5 November 2021. He was approved and given an £800 credit limit. Mr J says he had a gambling addiction which has led to financial difficulties. This has significantly affected his mental health. He says when he applied it was clear on his credit file that he was struggling financially and he should not have been given this card.

Lendable said it carried out proportionate checks that showed the credit was affordable for Mr J.

Our investigator did not uphold Mr J's complaint. She said Lendable's checks were proportionate and did not show any indicators that the credit would not be sustainably affordable for Mr J.

Mr J disagreed with this assessment and asked for an ombudsman's review. He said it's not his fault if the credit file Lendable saw was not accurate. And this service upheld his loan complaint against Lendable.

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.

We've set out our general approach to complaints about unaffordable and irresponsible lending - including the key relevant rules, guidance and good industry practice - on our website and I've taken that into account when considered Mr J's complaint.

Lendable needed to take reasonable steps to make sure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mr J could afford to repay what he was being lent in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and Mr J's income and expenditure.

Certain factors might point to the fact that Lendable should fairly and reasonably have done more to establish that any lending was sustainable for Mr J. These factors might include Mr J's income, how much the repayments were, the frequency of the borrowing and how long Mr J had been indebted.

This means I need to decide if Lendable carried out proportionate checks; if so did it make a fair lending decision; and if not, what would proportionate checks have shown. Also, did Lendable act unfairly towards Mr J in any other way.

I can see Lendable asked for certain information from Mr J before lending. It asked about

Mr J's employment status and net monthly income (he declared £2,855.18). It verified this using an external data source. It asked about his dependents (he had none). It carried out a credit check to understand his credit history and his existing credit commitments. From these checks it learnt Mr J would need to spend around 25% of his income to sustainably manage his existing credit and this new card. So it deemed it affordable as that left him with 75% of his income for fixed outgoings and discretionary spending.

I think these checks were proportionate given the value and type of credit, and the value of the monthly repayments (assuming the full limit was used) relative to Mr J's income. And I think Lendable made a fair lending decision based on the results of its checks.

The income verification check was positive and the credit check showed Mr J had around £16,500 of active unsecured credit that was largely well-managed. In 2021 he had a single missed payment in April and that account was brought up to date the following month.

Mr J has sent in extracts from his credit file that show he missed a payment on one account in September 2021, two accounts in October 2021 and three accounts in November 2021. And he says that he was applying for multiple payday loans.

But this was not in the information that Lendable saw when it completed a credit check. And I can only fairly expect it to respond to the information it received. There can be a number of reasons a lender will not see the same information that a consumer sees on their full credit file – for example, there is a time lag between an event and the lender reporting it to the agency(ies) and not all lenders report to all agencies.

So whilst I acknowledge Mr J's frustration I cannot fairly conclude that Lendable did anything wrong when it relied on the results of its credit check.

It follows I don't think Lendable was wrong to give this credit card with its £800 limit to Mr J. I accept that the checks did not show the financial instability that Mr J was experiencing due to his gambling – but for this application it would not have been proportionate for Lendable to carry out the levels of checks needed to learn this. I have seen no evidence Lendable acted unfairly towards Mr J in some other way.

Mr J raised that we upheld his loan complaint against Lendable. I can only comment here on the merits of this individual complaint, but I would re-iterate what the investigator said in that the level of checks we deem to be required varies based on a number of factors, including the product and amount of credit being offered.

I am sorry that Mr J went on to suffer financial difficulties and that this impacted his mental health so severely. I hope he now has the support he needs. StepChange (tel: 0330 055 2198) and MIND (tel: 0300 123 3393) are organisations that can provide free assistance if not.

My final decision

I am not upholding Mr J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 6 February 2024.

Rebecca Connelley
Ombudsman