

The complaint

Mr H complains that Lendable Ltd, trading as Zable, lent to him irresponsibly and without carrying out proper affordability checks. He would like all the interest and charges associated with the credit card account refunded.

What happened

In October 2021 Lendable approved a credit card account for Mr H with a credit limit of £800. When assessing the application, Lendable appears to have asked Mr H some questions about his employment status, income, and expenditure, and I can see it obtained a high-level credit score before approving the lending.

The investigator looked at the evidence and thought that Lendable's checks didn't go far enough. But the evidence provided by Mr H about his wider financial circumstances at the time didn't reveal any concerns which the investigator thought should have led Lendable to a different lending decision. So she didn't uphold the complaint. Mr H disagreed, highlighting how other complaints about irresponsible lending have been upheld, and asked an ombudsman to look at his case.

Lendable has already accepted that it shouldn't have provided Mr H with a second credit card account, seemingly granted the day after the one in question here. So that won't form part of this decision. A further complaint about a loan has been dealt with separately. This decision is only concerned with this one credit card account.

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.

Having done so, I'm not upholding it, essentially for the same reasons as the investigator.

My starting point in reaching my decision is to first look at what information Lendable had when considering Mr H's credit card application. Then I need to consider what information it *should* have gathered, given what it knew about Mr H and his circumstances. And, finally, whether any information ought to have led Lendable to conclude that the borrowing in question was unaffordable for Mr H.

The regulations in force required potential lenders to carry out "proportionate checks" and prescribed nothing more – so the exact nature and depth of checks that need to be carried out in order to be proportionate vary from lending decision to lending decision. There was and is no automatic requirement for a lender to, for example, verify what a customer is telling them, or review bank statements.

In October 2021 Lendable appears to have asked Mr H about his income, employment status and housing costs. In response to which it seems he disclosed a net monthly income of £2,145, that he was employed full-time, and that his housing costs were £400 per month. I can see that the credit file information obtained by Lendable confirmed

roughly that income for Mr H, as well as showing a substantial amount of unsecured borrowing, along with two previous defaults.

The investigator highlighted Mr H's debt burden as a reason why, despite the modest credit limit of £800, Lendable ought to have carried out more in-depth checks into Mr H's financial circumstances. And I agree.

What would Lendable have likely found and what ought it to have concluded, had it carried out proportionate checks in October 2021?

When considering this second question, our service has had the benefit of several months of bank statements to review. I accept that there was and is no requirement on a lender to obtain any particular type of information: they are permitted to source and rely on a range of evidence when assessing affordability, and so Lendable could have opted to gather more information about Mr H's financial position in a range of ways. However, it didn't, and, in the absence of anything else provided, I'm happy to rely on the statements to demonstrate what Lendable would most likely have discovered if it had completed proportionate checks.

Effectively, the bank statements don't show anything that ought to have led Lendable to conclude that providing a credit limit of £800 would lead to any harm to Mr H. The account was well managed, with no evidence of dependence on borrowing. Mr H says that the statements he's provided to this service aren't actually indicative of his broader circumstances at the time, which were far worse than this evidence suggests.

I'm really sorry to hear that. But I have to base my decision on what I consider is most likely to have happened if Lendable had done what I think it should – that is, asked Mr H for more information about his financial situation. And in short, I have no basis to conclude that Mr H would have provided it with something that would have shown anything different to what I have now seen.

In the round, I have to conclude that the evidence Lendable would have had if it had completed more thorough checks would not have led it to a different lending decision. The available information suggests this credit limit ought to have been affordable and sustainable for Mr H. It therefore follows that I don't uphold this complaint.

My final decision

For the reasons I've explained above, I don't uphold this complaint and Lendable doesn't need to do anything.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 24 May 2024.

Siobhan McBride

Ombudsman