

The complaint

Miss T complains that Lendable Ltd irresponsibly gave her two loans that she couldn't afford.

What happened

In September 2020, Miss T applied for a loan with Lendable Ltd. Before interest, the loan amount was £5,000, the term was 12 months and the monthly repayment was £483.17.

In July 2022, Miss T applied for a loan with Lendable Ltd. Before interest, the loan amount was £2,200, the term was 12 months and the monthly repayment was £218.84.

In 2023, Miss T complained to Lendable Ltd to say that the loans shouldn't have been given because they were not affordable and that Lendable Ltd ought to have made a better effort to understand her financial circumstances before giving her credit.

Our investigator recommended the complaint not be upheld. Miss T 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".

Lendable Ltd 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 T's complaint is that Lendable Ltd made credit available that was unaffordable. Lendable Ltd has explained that it relied in part on information that Miss T provided at the time of application to assess affordability. They said they carried out a credit search in Miss T's name to assess Miss T's level of debt at those times and to understand how she had been managing that debt. And I have seen the results of that credit search and the income and expenditure exercise that was performed at that time. With that information and using their own scoring metric, Lendable Ltd decided to agree to the credit limit of each loan. So, there was some assessment of affordability at the time of the sale.

It's possible that the checks could have been more searching. But even if they had been, I do not think that Lendable Ltd would have been put off providing Miss T with the credit. I

say that because I'm not persuaded that the lending was irresponsible. I'll explain why I say that.

I have noted that Miss T's credit file was not entirely clean at the time of the loan application. When I say this, I mean that Miss T's management of her existing credit was not devoid of any historic adverse markings. But I've noted that the individual issues identified by the credit searches showed no *recent* history of bankruptcy, IVA's or defaults. There was a default on 6 March 2018 which is also marked as satisfied on 16 February 2019. The general management of Miss T's credit was good in the year before each lending decision. So, Miss T's contemporaneous management of her existing credit was largely clean. This is confirmed by the two credit reports Miss T has submitted to us in support of her complaint.

I have noted that Miss T already had some credit at the time of each lending decision. Miss T's income was not modest in comparison to her existing credit or the cost of servicing that existing credit. Thinking about these things, I'm not persuaded that Lendable Ltd had sufficient reason not to lend money to Miss T or that the new borrowing was sufficient to be automatically unreasonable. And so, having considered all of the above, I do not think that the credit position was such that Lendable Ltd should have avoided any further lending to Miss T.

I know that Miss T will be disappointed with this decision, as she has put time and energy into this complaint. But I have considered all the submissions made in this complaint. Having done so, I have not found sufficient evidence to uphold this complaint. I have seen insufficient evidence to think that the credit Lendable Ltd are responsible for was unreasonable.

My final decision

For the reasons given above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 6 May 2024.

Douglas Sayers
Ombudsman