

The complaint

Mr W complains that Admiral Financial Services Limited ('Admiral') irresponsibly gave him a loan that he couldn't afford.

What happened

On 12 April 2023, Mr W applied for a loan with Admiral. He was given a loan of £2,000 over 24 months and the monthly repayment was £111.85. Mr W said the loan was for home improvements.

In August 2023, Mr W complained to Admiral to say that the account shouldn't have been opened for him because it wasn't affordable.

Our adjudicator recommended the complaint not be upheld. Mr W didn't agree. So, the complaint was 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.

Mr W's complaint is that Admiral made credit available that was unaffordable. Admiral carried out a credit search in Mr W's name to assess Mr W's level of debt at the time of the lending decision and to understand how he had been managing that debt. Admiral told us that the credit check it secured showed that Mr W's credit history was very clean at the time of the loan application. This showed that Mr W's management of his existing credit showed no recent history of CCJ's, defaults or bankruptcies at the time of the loan. And there was no blemish on that record at all in the two years before the loan was applied for. So, it seemed from the credit file that at the point that the lending decision was made, Mr W was affording his existing credit.

I have noted that Mr W already had some credit at this time. Mr W had declared an income in support of his loan application that was not modest either in itself or in relation to the new loan amount or the cost of servicing that new borrowing. Mr W's credit check had revealed a modest level of existing credit. So, from the information provided by Mr W in support of his loan application and from the information that Admiral secured to

appraise that application, there was nothing that suggested they needed to make more searching enquiries into Mr W's finances before agreeing the borrowing.

Thinking about these things, I'm not persuaded that Admiral had sufficient reason not to lend money to Mr W 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 Admiral should have avoided any further lending to Mr W.

So, having considered all the submissions made in this case, I'm not persuaded that based on the information provided to Admiral, or what Admiral could see of Mr W's management of other credit, ought to have prompted it to have acted differently than it did.

Having considered all the submissions made in this case, I have seen insufficient evidence to think that the credit Admiral provided to Mr W was unreasonable.

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 Mr W to accept or reject my decision before 6 May 2024.

Douglas Sayers
Ombudsman