

Complaint

Mrs P has complained about a credit card Lendable Ltd (trading as “Zable”) provided to her. She says the credit card was irresponsibly provided to her as it was unaffordable.

Background

Zable provided Mrs P with a credit card with an initial limit of £800 in January 2023. Mrs P wasn't provided with any credit limit increases.

One of our adjudicators reviewed what Mrs P and Zable had told us. And he thought Zable hadn't done anything wrong or treated Mrs P unfairly in relation to providing the credit card. So he didn't recommend that Mrs P's complaint be upheld.

Mrs P disagreed and asked for an ombudsman to look at the complaint.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mrs P's complaint.

Having carefully considered everything, I've not been persuaded to uphold Mrs P's complaint. I'll explain why in a little more detail.

Zable needed to make sure it didn't lend irresponsibly. In practice, what this means is Zable needed to carry out proportionate checks to be able to understand whether Mrs P could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Zable says it agreed to Mrs P's application after it obtained information on her income and carried out a credit search. And the information obtained indicated that Mrs P would be able to make the low monthly repayments due for this credit card.

On the other hand Mrs P says that she was already struggling with her existing indebtedness and shouldn't have been provided with this credit card.

I've considered what the parties have said.

What's important to note is that Mrs P was provided with a revolving credit facility rather than a loan. And this means that Zable was required to understand whether a credit limit of £800 could be repaid within a reasonable period of time, rather than in one go. A credit limit of £800 required relatively low monthly payments in order to clear the full amount owed within a reasonable period of time.

Furthermore, I've seen records of the information Zable obtained from Mrs P about her income and that was on the credit search carried out. And this information doesn't indicate to me that Zable ought to have realised that Mrs P didn't have the funds to make the low monthly payment that would be required for this credit card.

I appreciate that Mrs P says that her circumstances were worse than this and she was struggling. I note that she says that she was earning considerably less than the amount she told Zable. But Zable could only make a decision based on the information it had at the time and it cross checked Mrs P's declaration against the amount of funds going into her main account each month and the information which came back left it reasonably confident that Mrs P's declaration was accurate.

Furthermore as there was nothing else in the information gathered indicating that Mrs P would not be able to make the payments necessary to repay what she could owe within a reasonable period of time at the lending decision was made, I don't think that Zable needed to do anything more.

I accept that Mrs P's actual circumstances may not have been fully reflected either in the information she provided, or the information Zable obtained. I can Mrs P has gone on to provide a detailed breakdown of her finances indicating that she couldn't afford the required payments and it's possible that if Zable's checks had gone into similar depth it may have reached a different answer on whether to lend.

But the key here is that Zable was providing a credit card which would require low monthly payments. Given the information obtained suggested these payments were affordable and the lack of obvious inconsistencies, I don't think Zable needed to go into the level of detail that Mrs P has in her assessment.

Indeed Mrs P's assessment has been conducted with a view to having her complaint upheld, rather than with a view of understanding what she's likely to have declared in circumstances where it's clear that she wanted the credit card and applied for it nonetheless knowing what she is now telling us. In these circumstances, the weight I can place upon it is limited.

So overall while I can understand Mrs P's sentiments, I don't think that Zable treated Mrs P unfairly or unreasonably when providing Mrs P with her credit card. And I'm not upholding Mrs P's complaint. I appreciate this will be very disappointing for Mrs P. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mrs P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 1 May 2024.

Jeshen Narayanan
Ombudsman