

The complaint

Mr F complains that Lendable Ltd waited too long to close a loan and record a default on his credit file.

What happened

Mr F had a loan with Lendable and stopped making full payments in September 2016 when he entered a Debt Management Plan (DMP). Lendable continued to apply interest to the loan and in June 2018 took the step of selling it to a business I'll refer to as C. C later defaulted the loan.

Last year, Mr F complained to Lendable and said it should've taken the step of closing his loan and defaulting it after it had been in arrears for six months. Lendable issued a final response and upheld Mr F's complaint. Lendable agreed it should've defaulted the loan in March 2017, after it had been in arrears for six months. Lendable agreed to amend Mr F's credit file and contact C to confirm the correct default date. Lendable also agreed to refund all interest applied after March 2017 which came to £1,949.48. In addition, Lendable paid Mr F a total of £75 for the distress and inconvenience caused.

Mr F referred his complaint to this service and we asked Lendable to provide its file. Within its submission, Lendable explained it wanted to make a further offer of £200 to Mr F, in addition to the compensation already paid, to resolve his complaint. Our investigator thought Lendable's offer was a fair way to resolve Mr F's complaint and didn't ask it to do anything else. Mr F asked to appeal and said that as a result of Lendable's actions the cost of credit he's been able to secure has been unfairly high. As Mr F asked to appeal, his complaint has been passed to me to make a decision.

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 been brief in setting out the timeline above as all parties broadly agree concerning the circumstances of Mr F's case. Lendable accepts it should've taken the step of defaulting Mr F's account after it was in arrears for six months. As a result, it amended the information on Mr F's credit file and refunded interest paid after that date. I'm satisfied that Lendable's approach was reasonable.

When Mr F asked to appeal, he explained that his borrowing costs were higher as a result of the way his account was handled by Lendable and then C. I take Mr F's point and understand why he feels that way. Mr F's sent us evidence that shows he was searching for car finance in January 2024, before his complaint with Lendable was upheld. Mr F says that the cost of securing car finance was higher as a result of the default from C on his credit file. And Mr F's explained that if the account had been defaulted in March 2017, the information would've dropped off his credit file before he applied for the car finance in January 2024.

Whilst I can see Mr F's provided screen shots to show he was looking for car finance in January 2024, he's not provided any information to show what he decided to proceed with. The information only shows credit searches were carried out. And there's nothing in the information available that shows whether Mr F's applications were directly impacted by Lendable's actions.

I'm very sorry to disappoint Mr F but I haven't been persuaded there are grounds to award further compensation in terms of his borrowing costs.

In its file submission, Lendable explained it wanted to offer Mr F a further £200 to apologise for the distress and inconvenience caused. I can see Lendable has already paid Mr F £75 in addition to the £1,949.48 refund of interest. I've carefully considered the circumstances of Mr F's case and am satisfied that in addition to backdating the account closure to March 2017, refunding £1,949.48 plus £75 compensation a further offer of £200 fairly reflects the level of distress and inconvenience caused to Mr F. As I'm satisfied Lendable has already agreed a settlement that is fair and reasonable in all the circumstances, I'm not telling it to take any further action.

My final decision

My decision is that I uphold Mr F's complaint and direct Lendable Ltd to settle by paying Mr F a further £200 - in addition to the credit file amendments, refunding interest totalling £1,949.48 and paying him £75 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 23 July 2024.

Marco Manente
Ombudsman