

## **The complaint**

Mr A complains that Lendable Ltd was irresponsible in its lending to him. He wants Lendable to review the interest rate on the loan and his monthly payments and provide him with some flexibility.

## **What happened**

Mr A was provided with a £7,400 fixed sum loan (plus £444 fees) by Lendable in April 2024. The loan was repayable through 47 monthly payments of around £313 and a final repayment of around £328.

Mr A says that at the time he took out the loan his mental health was deteriorating and negatively impacting his work and personal life. He had to take time off work due to his anxiety and depression meaning he was only receiving statutory sick pay and then had to leave his job and is now only working part time. He said that given the high interest rate the loan is unsustainable and he doesn't believe that adequate checks were carried out before the loan was provided.

Lendable issued a final response dated 8 August 2024. It said that before lending to Mr A it completed its usual checks and Mr A met its criteria to proceed with the loan. It said its credit checks showed he had a sufficiently healthy credit history, and its financial review showed the loan was affordable. Therefore, it didn't uphold Mr A's complaint. Lendable said that if Mr A needed support with his loan repayments it could offer a payment plan with reduced or deferred payments and Mr A should contact it if he wished to discuss this.

Mr A referred his complaint to this service.

Our investigator thought that Lendable carried out reasonable checks before the lending was provided. Based on the information received through the checks she didn't think that Lendable should have considered the lending unaffordable. She also noted that Mr A had said the loan was for debt consolidation and that he repaid two loans and cleared his credit card balance after receiving the loan funds. This resulted in a reduction in Mr A's monthly credit commitments. Based on this she didn't uphold this complaint.

Mr A didn't accept our investigator's view. He didn't agree that proportionate checks were carried out before the loan was provided and felt deposits that weren't income were being considered as income. He questioned why, given his credit history didn't raise concerns, that he was given such a high interest rate. Mr A said he can't afford the repayments and while he was told Lendable would contact him, he hadn't received any support.

## **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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mr A was provided with a £7,400 loan with monthly repayment amounts of around £313 (and a final repayment of around £328). As part of the application process, he was asked about his employment, income and residential status. He said he was employed full time with a net monthly income of £1,973. Lendable verified Mr A's income through a credit reference agency. Mr A said he was renting but included a zero amount for his rent payments. Lendable has also said that as part of the application process Mr A connected Lendable to his online banking which provided a full transaction history for three months. A credit check was carried out which didn't raise concerns about how Mr A was managing his existing commitments and Lendable factored into its assessment that Mr A had said the loan was for debt consolidation.

Considering the size of the repayments compared to Mr A's monthly income and noting his credit check didn't raise any concerns about how he was managing his existing commitments, I find that the checks carried out before the loan was provided were proportionate.

However, just because I find the checks were proportionate, this doesn't necessarily mean that Lendable was right to provide the loan. To assess that I have looked at the information available to Lendable through its checks (including the three months of banking transaction data) to see whether this should have raised concerns that meant the lending shouldn't have been provided.

Mr A declared a monthly net income of £1,973 as part of his application. Lendable verified this using a credit reference agency. I find this reasonable. However, as Mr A's bank transactions were also available to Lendable, I have looked at whether this should have raised concerns about the income figure included. I can see that Mr A was receiving regular monthly income into his account in the form of a salary and benefits. He also received other payments from a family member, from his student finance and also had cash deposited into the account. Mr A has explained the family member paid him for purchases he made on their behalf online, the cash was for the benefit of another family member and the student finance was for his education resources. So, setting the additional payments aside, and taking into account Mr A's monthly salary and benefits I find this gave a number slightly lower than the amount he declared. But I do not find this was such (given the other information included in his statements) that Lendable was wrong to rely on the verified income figure.

I have looked through Mr A's transactions to understand his regular monthly expenses. He recorded his residential status on his application as 'rent' but then noted a zero payment figure. Mr A has said that he was living with parents and paid amounts for board. I can see these payments in the statements. Mr A also made payments towards his existing credit commitments, as well as paying for costs such as insurance, food, petrol and communications. Mr A's payment towards his credit commitments in April 2024 was around £867. However, Mr A had said that the Lendable loan was for debt consolidation and I can see that he repaid two loans and his credit card after receiving the loan funds. As the loan repayments on the Lendable loan were less than the amount Mr A was paying towards the loans he repaid with the loan proceeds, his monthly credit commitments reduced as a result of the loan.

While Mr A's monthly credit commitment reduced, I have still considered whether the lending should have been considered affordable for him. Looking at the payments Mr A was making

towards his other costs such as insurance and communications services as well as his general living costs, I do not find that the information available to Lendable through its checks suggested the loan was unaffordable for Mr A.

Mr A has also complained about the high rate of interest being charged on his loan. I note his comment, but the information Mr A was provided with before agreeing to the loan clearly set out the interest rate, the total cost of the credit and the amount he would need to repay. Therefore, I find Mr A was provided with the information he needed to make an informed decision about whether he accepted the interest rate being charged.

I am sorry to hear of the difficult time Mr A is experiencing. Lendable provided contact details in its final response letter of where Mr A could discuss his options such as a payment plan. I find this reasonable. Given the information Mr A has provided, we would expect Lendable to treat him positively and sympathetically in regard to his outstanding balance. If Mr A believes this isn't happening, then he should raise it first with Lendable.

I've also considered whether Lendable acted unfairly or unreasonably in some other way given what Mr A has complained about, including whether its relationship with Mr A might have been unfair under s.140A Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Lendable lent irresponsibly to Mr A or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 15 November 2024.

Jane Archer  
**Ombudsman**