

The complaint

Mr W complains that Lendable Ltd incorrectly calculated his disposable income based on his income and expenditure form causing him distress and inconvenience. He wants to be compensated for this and to be allowed a longer period for his payment plan.

What happened

Mr W raised a complaint with Lendable in 2023, about the loan it had provided him being irresponsibly lent. His complaint was upheld. Part of the redress was for Lendable to agree an affordable and suitable payment plan going forward. Mr W said he proposed making monthly payments of £50 for the following 12 months and this was agreed. At the end of the 12-month period he asked to extend the payment plan for a further 12 months making monthly payments of £55. Mr W said he was asked to complete an income and expenditure form and was told only a six-month plan could be agreed. Mr W said he queried this but complied with the request and the payment plan was set up.

In August 2024, Mr W requested a further extension to his payment plan requesting payments of £45 which is what he had calculated he could afford. He was asked to complete an income and expenditure form. Mr W did this and said he calculated his disposable income to be around £57. However, Lendable said he could afford to pay it £214. He said this was incorrect and he raised a complaint. Mr W also asked that the payment plan be set up for longer than six months and for reassurance that he wouldn't keep needing to complete an income and expenditure form.

Lendable issued a final response dated 8 November 2024. It said that Mr W submitted his updated income and expenditure form on 2 September 2024, and this was reviewed. It said its calculations suggested Mr W had disposable income of around £214.12 and so it asked Mr W to consider making a higher payment than his proposed £45. Mr W asked how its figures had been calculated as he had identified a disposable income of around £57 not £214. Lendable said that its calculation was correct and based on a pro-rata approach to allocating Mr W's income among his creditors.

While Lendable said its calculations were correct, it accepted that it hadn't provided Mr W with a clear explanation of the process. Regarding the term of the payment plan it said it was only able to offer a maximum of a six-month plan at this time. Because of the lack of clarity in its communication it agreed to credit Mr W's loan account with £30. It also confirmed that Mr W's payment plan had been set up with his proposed £45 payments.

Mr W wasn't satisfied with Lendable's response. He said it hadn't provided a good enough reason as to why the payment plan couldn't be longer than six months given the initial plan was set up for 12 months. It didn't address his comment about needing to complete the income and expenditure form. He said the £30 compensation that Lendable offered wasn't enough given the time he had spent checking his figures and the stress this situation had caused him. He didn't think that Lendable had treated him fairly and while he accepted the payment plan for £45 was set up, he wanted reassurances that the issues he had experienced wouldn't happen again. Mr W referred his complaint to this service.

Our investigator didn't uphold this complaint. She reviewed Lendable's calculations and was satisfied the disposable income it reached was fair, but she agreed that it didn't explain this adequately to Mr W. Given the calculated disposable income she didn't think that Lendable was wrong to ask if Mr W could consider making higher monthly payments. She said the length of the payment plan was a business decision for Lendable and she didn't think it unreasonable that his circumstances be reviewed each six months. Taking the above into consideration she thought the £30 compensation that Lendable had offered was fair.

Mr W didn't agree with our investigator's view. He said that given the underlying loan had been found to be irresponsible, Lendable needed to deviate from its standard way of calculating disposable income and allow him to pay all his other creditors in full before making his payments to Lendable. He noted that due to the outcome of his irresponsible lending complaint no adverse information would be recorded on his credit file for this loan and he shouldn't be put in a position where he was falling into arrears with his other creditors.

Mr W accepted that it was reasonable to complete the forms but said he should have been made aware of this at the outset and said Lendable's lack of clarity in its communication about this and the reasons for the six-month payment plan needed to be reflected in the compensation. He didn't think he had been treated fairly and said that these issues had caused him stress.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue 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 understand that Mr W isn't happy with the service he has received from Lendable in regard to the setting up of his recent payment plan. He doesn't think he has been treated fairly in this process and doesn't accept that the compensation offered was sufficient.

I have looked through the information provided and can see that Mr W requested an extension to his payment plan in August 2024. He was sent an income and expenditure form to complete, and this was submitted in September 2024. I note Mr W's comment about the need to keep completing income and expenditure forms, but I do not find this unreasonable. Mr W is in a payment plan, and we would expect these to be set up based on an assessment of what Mr W can afford. Therefore, I think it right that before new payment plans are agreed an assessment of his income and expenses takes place. I appreciate Mr W was initially provided a 12-month plan and is now only being provided with six-month plans, but this is business decision. And in this case, as an individual's circumstances can change, I do not find it unreasonable that Mr W's payment plan is being reviewed each six months.

Mr W's main complaint is about the calculations that took place after he submitted his income and expenditure form in September 2024. I have looked through the information that was provided and can see that this resulted in Mr W having around £788 available to pay towards his outstanding non-priority debts. Lendable then apportioned this amount between the debts Mr W had outstanding. This suggested that Mr W could make a payment of around £214 towards his Lendable debt. While I understand the point Mr W has made about this approach, I do not find that I can say that Lendable did anything wrong by applying its standard process in assessing Mr W's income and expenditure information. I can't see that Lendable's calculations were incorrect (based on its approach) and given the outcome of this I do not find it unreasonable that Lendable asked Mr W if he could make a higher payment

towards the outstanding debt.

That said, as the loan had been accepted as being lent irresponsibly, and part of the accepted remedy was for any negative information to be removed in regard to the loan, I can appreciate why Mr W felt that he should ensure he maintained his payments for his other commitments ahead of the Lendable loan. Based on this approach, Mr W calculated his money available for the Lendable payment to be around £57 which was why he suggested a payment amount of £45. As Lendable agreed to Mr W's £45 a month payment, I find that it did work with him to ensure an affordable payment plan was set up.

So, while I understand why Mr W was upset by the process he went through following the submission of his income and expenditure form in September 2024, I do not find that Lendable did anything wrong in its calculations and then by asking about the payment amount. However, based on Mr W's response, I think it right that it then accepted his proposed payment.

Lendable accepted that it hadn't provided clear information about how it approached its calculation and offered to credit Mr W's loan account with £30. I appreciate that Mr W doesn't think this sufficient and note his comments about the time he has spent dealing with the issues. But as I do not think that Lendable did anything wrong in its assessment of Mr W's income and expenses and I think it acted fairly by then agreeing to his payment request, I think the compensation offered is fair in this case. In its final response letter, Lendable also said that it would aim to ensure that future payment plan reviews were managed as smoothly as possible, and I would expect it to work to ensure this happened.

Taking everything into account, I do not require Lendable to do anything beyond its offer to apply a £30 credit to Mr W's loan account if this hasn't already happened.

My final decision

My final decision is that Lendable Ltd should apply the £30 credit to Mr W's loan account as it offered (and if this hasn't already happened). I do not require it to do anything further in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 23 April 2025.

Jane Archer
Ombudsman