

## The complaint

Miss S complains that PDL Finance Limited (PDL), trading as Mr Lender, acted irresponsibly when providing her with two loans.

## What happened

In 2024, Miss S took out the following two loans with PDL:

Loan	Date of Loan	Loan Amount	Instalments	Date Repaid
1	12/03/2024	£200	3	31/05/2024
2	03/06/2024	£400	6	28/10/2024

In July 2024, having repaid loan 1 and whilst still repaying loan 2, Miss S complained to PDL about irresponsible lending.

Miss S said that if PDL had completed the correct checks they would've known the loans were unaffordable. She explains that she already had multiple debts with a large outlay on repayments every month and believes PDL's loan 2 decision put her into a cycle of debt. Miss S requested all interest and charges from the two loans be refunded and any negative information on her credit file be removed.

PDL said the two loans were affordable, based on the information that was provided to them at the time of her applications. They also said the checks they conducted were proportionate to the loan amounts borrowed.

Miss S brought her complaint to our service. She added that she suffers from depression and PTSD and *'this has negatively impacted me along with financial difficulties'*.

However, our investigator issued a view saying she couldn't see that PDL had treated Miss S unfairly or unreasonably.

Miss S disagreed with the view and said if PDL had, *'carried out bank account checks they would have seen I did not have exposable expenditure at the time due to gambling addiction and mental health'*.

As Miss S remains dissatisfied, her complaint has been passed to me to look at afresh.

## 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.

Having done so, I'm not upholding this complaint, and I'll explain why.

I should first say:

- I'm very sorry to hear that Miss S has been experiencing a combination of financial, health and gambling difficulties.
- However, I must approach this matter objectively.
- I've carefully considered all the points Miss S has made and I've focused on what I think are the important points to reach a final decision.

We've set out our general approach to complaints about short-term lending - including all of the relevant rules, guidance and good industry practice - on our website.

PDL needed to take reasonable steps to ensure it didn't lend irresponsibly. Rather than approach the loan application from the perspective of the likelihood of getting its money back, they had a responsibility to ensure that the loan repayments wouldn't cause Miss S undue difficulty or significant adverse consequences.

That meant Miss S should've been able to meet repayments out of her normal income without having to borrow to meet the repayments, without failing to make any other payments she had a contractual or statutory obligation to make and without the repayments having an adverse impact on her financial situation.

PDL checks also had to be "proportionate" to the specific circumstances of the loan application. In general, what constitutes a proportionate check will depend upon a number of things including – but not limited to – the particular circumstances of the consumer (e.g. financial history, current situation and outlook, and any indications of vulnerability or financial difficulty) and the amount/type/cost of credit.

In light of this, I think that a reasonable and proportionate check ought generally to have been more thorough:

- The lower a customer's income (reflecting that it could be more difficult to make any repayments to credit from a lower level of income)
- The higher the amount due to be repaid (reflecting that it could be more difficult to meet higher repayments from a particular level of income)
- The longer the period of time a borrower will be indebted for (reflecting the fact that the total cost of the credit is likely to be greater and the customer is required to make repayments for an extended period).

I've kept all of this in mind when thinking about whether PDL did what it needed to before agreeing to lend to Miss S.

I found that PDL did check the information they had on Miss S's income and expenditure. Also, they made enquiries with the credit reference agency, which didn't show any defaults, CCJ's or other concerning information for them to look into. So, considering this, the loan amounts and number of repayments here, I consider these to be proportionate checks.

The results of PDL's income and expenditure checks showed a reasonable disposable income at the time of both loan applications. This was £533 for loan 1 and £722 for loan 2. I agree with our investigator that these were more than enough to cover the loan repayment amounts.

Although I was unable to cross reference PDL checks with a Credit Reference Agency

(CRA) credit report (as PDL appear to no longer retain this information and Miss S was unable to request it), to check there weren't any errors, I looked closely at the data on file and requested bank statements from Miss S.

PDL's figures looked accurate. However, when reviewing Miss S's bank statements, although I couldn't see any obvious indications of gambling, I noticed the following:

- Prior to her loan 1 application in March 2024, approximately 60% of her salary was taken up by the money she owed to her bank using an overdraft facility. I've only reviewed a few statements, but this looked to have been the position since December 2023.
- The above position was similar (approximately 55% of her salary was taken up by the money she owed to her bank using an overdraft facility) prior to her loan 2 application in June 2024

So, prior to both of her loan applications, Miss S was in a position where shortly after receiving her salary only 40 to 45% remained. So, after making transfers and payments, she quickly went into a negative balance and therefore had a reliance upon her overdraft facility.

However, I found it difficult to evaluate where Miss S's money was going and how she was managing her finances and debts, which is why firms only tend to request statements if they need to start probing after assessment concerns.

From viewing Miss S comments and seeing the consistent overdraft, I think it likely she was spending most of the funds PDL thought were disposable and unable to reduce either her debt or overdraft.

Although I can't see that PDL were aware of this information, I don't think it would've been reasonable, in the circumstances here, to have expected them to have requested statements. This is because:

- Statements don't show the full picture and are difficult to evaluate and it isn't that PDL didn't complete any checks. They did and, as explained above, I think they were proportionate considering Miss S was borrowing relatively low amounts over short periods. And importantly the CRA checks didn't show any concerns.
- I can't see that Miss S disclosed her financial, health or gambling difficulties to PDL or asked for assistance prior to loan 2 and her complaint.
- Miss S would've agreed to the following when taking out the loans:
  - *'It is important for you to know that entering into this agreement would be unsustainable to support sustained borrowing over long periods and would be expensive as a means of longer term borrowing, such as over a number of years. You should not consider taking out this loan if you are unsure you can meet the required monthly repayments, including if you are already in financial difficulty.'*

Considering the above and all the information on file, I think the checks PDL carried out were proportionate to the amounts lent and the term of the loans.

I'm very sorry to hear of the difficulties Miss S is experiencing and appreciate she will be disappointed. However, as I don't think their lending decisions were unfair or unreasonable, I'm not upholding this complaint against PDL Finance Limited, trading as Mr Lender.

### **My final decision**

My final decision is that I'm not upholding this complaint against PDL Finance Limited trading as Mr Lender

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 19 June 2025.

Paul Douglas  
**Ombudsman**