

The complaint

Mr S, through his representative, complains that Lendable Limited lent to him without doing the right affordability checks in view of his gambling addiction.

What happened

Mr S took three loans – all of which he said were to consolidate his existing debts and council tax arrears. Here is a brief table showing some details.

Loan	Approved	Amount	Repayments (rounded)	Status
1	6 August 2019	£2,500 plus £115 loan fee – 18 months	17 x £168 1 x £154	Repaid early 10 August 2020
2	5 October 2020	£4,000 plus loan fee £235 – 36 months	35 x £147 1 x £127	Repaid early 13 February 2021
3	11 June 2021	£7,370 plus loan fee £370 – 24 months	23 x £388 1 x £316	Paid 15 August 2023

Mr S complained in 2024 and received Lendable's response in which it gave reasons why it was not upholding his complaint. Mr S referred it to the Financial Ombudsman Service where one of our investigators did not uphold the complaint. Mr S disagreed and said that he was in debt and gambling extensively. So, it was passed to me to decide.

On 18 June 2025 I issued a provisional decision giving reasons why I thought that the complaint should be upheld in part. Both parties have agreed to that outcome. So, what follows is my provisional decision findings set out as my final 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.

We've set out our general approach to complaints about unaffordable/irresponsible lending - including all the relevant rules, guidance, and good industry practice - on our website. Considering the relevant rules, guidance, and good industry practice, I think the questions I need to consider in deciding what's fair and reasonable in the circumstances of this complaint are:

- Did Lendable, each time it lent, complete reasonable and proportionate checks to satisfy itself that Mr S would be able to repay in a sustainable way?
- If not, would those checks have shown that Mr S would have been able to do so?

So, Lendable had to think about whether repaying the loan would be sustainable. In practice this meant that the business had to ensure that making the repayments on the loan wouldn't cause Mr S undue difficulty or significant adverse consequences. That means he should have been able to meet repayments out of normal income without having to borrow to meet the repayments, without failing to make any other payment he had a contractual or statutory

obligation to make and without the repayments having a significant adverse impact on his financial situation.

In other words, it wasn't enough for Lendable to simply think about the likelihood of it getting its money back, it had to consider the impact of the loan repayments on Mr S. Checks also had to be "proportionate" to the specific circumstances of the loan application.

In general, what constitutes a proportionate affordability check will be dependent upon several factors including – but not limited to – the circumstances of the Mr S (e.g. their financial history, current situation and outlook, and any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they are seeking. Even for the same customer, a proportionate check could look different for different applications.

I think that a reasonable and proportionate check ought generally to have been *more* thorough:

- the *lower* a Mr S's income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the *greater* the number and frequency of loans, and the longer the period during which a customer has been given loans (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable).

I've carefully considered all the arguments, evidence and information provided in this context and what this all means for Mr S's complaint. Following my provisional decision, in light of both parties agreeing to what I'd said then my findings remain the same.

Loan 1

In the application, Mr S had declared an income of £1,750 from full time employment. He gave £0 for his rent and did not tell Lendable what the loan was for.

Lendable said it verified his income as £800 a month. This was a large difference between what was declared and what Lendable used. It's a low income as well, especially as Mr S had said he was employed full time.

I've looked at the other details Lendable discovered from its research in relation to Mr S' credit situation. Lendable has said to us that it had acknowledged a historic defaulted account which had been resolved in October 2016 and explained that not having a flawless credit history was not a reason for Lendable to refuse a loan application.

I have been given a copy of the credit search it carried out before loan 1. Lendable has summarised Mr S's credit commitments at that time as one current account with no overdraft, and no adverse recorded, two credit cards, with a total outstanding of around £3,300. One card was almost at its maximum and had had some issues repaying several months before but overall had a satisfactory repayment record. And Mr S had one telecommunications contract which did not show a cost each month and there were no repayment issues.

I will add that Mr S clearly experienced financial problems in the past and a lot of accounts had closed in October 2016. He'd had adverse credit data around 2014 to 2016. But I accept what Lendable has said – that historic adverse data would not necessarily have been a concern to a lender such as it.

However, I do express concern on the huge reduction in Mr S's income after Lendable had verified it, together with the fact that £800 a month is a low income. Added to which

Lendable had no information about his personal circumstances or costs in relation to his regular living – such as rent, bills, travel, food, and similar normal outgoings. So, I think it ought to have asked more questions about his income and his outgoings.

However, at the time of issuing my provisional decision I had no information from Mr S about what his actual income may or may not have been at the time. So my provisional decision on Loan 1 was that I could not uphold it. Mr S has since accepted my provisional decision outcome and has not sent any additional evidence surrounding his situation in August 2019. I do not uphold the complaint about Loan 1.

Loan 2

Mr S repaid Loan 1 without issue and earlier than contracted for. Two months later Mr S applied to Lendable again. It was a larger loan for a longer period and this time Lendable verified his income as £1,475 each month after tax using the standard industry tool through a credit reference agency. And Mr S had declared a rental cost of £300. He did not inform Lendable on his application form what the loan was for.

It carried out a credit check and discovered that his overall debt balance was not high at around £3,746.

'We saw that all these active accounts were in good standing and that the customer had not accrued any visible defaults or arrears across their accounts in the 36 months prior to their application with Lendable. ...

As part of the application process, the customer also connected Lendable to their online banking. Of the information collected, we have attached the full transaction history covering three months of the loan application date.'

This is where I consider that Lendable has not used the information readily available to it. It has sent to us copies of the bank account transactions it had obtained through the Open Banking report. The loan was applied for in early October 2020 and so I think it's fair and reasonable for me to review the bank account transactions for all of August 2020 and September 2020 up to the first few days of October 2020 – which Lendable had access to.

The first point to make is that Mr S' income was not £1,467 as Lendable had thought but around £1,260. Mr S was paying towards a debt collection agency – likely something to do with earlier defaulted accounts.

The bank transaction list shows payments to TV licence, film subscription channel, food, petrol, utilities, and council tax. But it also shows a large number of transfers in and out from a savings account, which appear to be the proceeds of either gaming or transactions using PayPal or gambling at an on-line casino.

Had Lendable reviewed the bank transactions more thoroughly it would have seen that Mr S was spending more than his income each month on betting, gaming and gambling. And likely would have reached the conclusion that approving the loan was irresponsible and that with such compulsive spending Mr S was unable to afford Loan 2.

I uphold the complaint about Loan 2.

Loan 3

It logically follows that having decided to uphold Loan 2 for the reasons I have, which is based on information Lendable had on its own files, then I uphold Loan 3 as well. Here are further reasons why it is I consider that Lendable ought to have done more checks when Mr S applied for Loan 3 – and what it likely would have found if it had.

Mr S applied for Loan 3 a couple of months after repaying Loan 2. He declared his income which Lendable verified and reduced after verification to around £1,467 a month. Mr S made no declaration as to rent and said the loan was for home improvements.

For Loan 3, Lendable did not use an Open Banking check. It had no information about his costs of living and has not provided to us any details surrounding what it may have used for those figures. It approached this by finding out how much his credit commitments were, and what the loan cost going forward would be and then working out that it was likely Mr S would have had around 73% of his net income available for his costs of living. I don't consider that was good enough.

This was for a larger loan of £7,000, over a 24 month period with much higher monthly repayments of £388, plus Mr S was coming back for more money a few months after repaying Loan 2. All of these factors leads me to think that Mr S ought to have been asked for further details. And I add this – considering Lendable already had on its files information which showed the extent of Mr S' spending habits then I think this was a further reason that it ought to have been prompted to have carried out further checks before lending £7,000 to Mr S.

Asking Mr S for further information about his financial situation may have involved him supplying copies of utility bills, copy payslips and evidence of other expenditure and credit accounts for which he was liable. A convenient method, one of several available, was to have reviewed copies of Mr S' bank account statements which usually show a wider picture of his finances and how he was managing his money. Or – Lendable could have done what it did for Loan 2 which was make use of the Open Banking access.

Our investigator asked for copies of Mr S' bank account statements for March 2021 to June 2021. And Mr S' representative sent those to us and has pointed out:

'Excessive transactions with [casino] 495 separate transactions and [betting] 220 transactions this clearly shows the gambling was an addiction rather than past time. He was also reliant on using high-cost lending to sort his addiction.'

I have reviewed the bank account statements and although I have not counted all the betting and casino transactions I can see there were a lot and certainly a level of spending on those types of transactions which exceeded Mr S' income.

I uphold the complaint about Loans 2 and 3.

Putting things right

The loans were repaid. To put things right Lendable should:

- remove all interest, fees and charges applied to loans 2 and 3;
- treat any payments made by Mr S in respect of the two loans as payments towards the total capital amount of £11,000;
- If Mr S has paid more than the capital then any overpayments should be refunded to him with 8% simple interest* from the date they were paid to the date of settlement,
- remove any adverse information about loans 2 and 3 from his credit file.

*HM Revenue & Customs requires Lendable to take off tax from this interest. It must give Mr S a certificate showing how much tax it's taken off if he asks for one

My final decision

My final decision is that I uphold the complaint in part and I direct that Lendable Limited does as I have set out above in the 'putting things right' part of the decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 1 August 2025.

Rachael Williams
Ombudsman