DRN-5442374

The complaint

Mr C complains through a third-party representative that Lendable Ltd provided him with credit when he was unable to afford it. Mr C says had proper checks been carried out, Lendable would have seen he couldn't afford the credit and not lent to him.

What happened

Lendable approved two loans for Mr C, the details of the loans are as follows:

Loan no:	Start date	Loan amount	Term	Highest repayment	End date
1	01/08/2021	£4,999*	36 months	£221.23	04/12/2023
2	01/11/2023	£5,000*	30 months	266	active

* There were added fees of £295 and £282 for loans 1 and 2 respectively.

Mr C repaid loan 1 earlier but hadn't fully repaid it when he took out loan 2. When Mr C complained to Lendable, it didn't uphold any part of his complaint. Mr C's representative on his behalf referred it to the Financial Ombudsman Service where it was looked at by one of our investigators.

Our investigator didn't recommend that any part of Mr C's complaint be upheld. Our investigator thought Lendable did enough before lending loan 1 and even though she thought Lendable should have taken its checks further before agreeing to lend loan 2, she didn't think it would have found anything that showed Mr C couldn't afford the credit as he had sufficient disposable income.

Mr C's representative on his behalf requested an ombudsman's review of his complaint. Mr C said he had a defaulted credit account recorded on his file and that should have concerned Lendable enough to see that he wasn't in a financially stable position.

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 also taken into account the law, any relevant regulatory rules and good industry practice at the time the loans were offered.
Lendable will be aware of all the rules, regulations and industry practice we consider when assessing complaints about irresponsible/unaffordable lending. We've set out our general approach to these types of complaints - including all of the relevant rules, guidance and good industry practice - on our website.

Before lending money to a consumer, a lender should take proportionate steps to understand whether the consumer could repay without borrowing further or suffering significant adverse consequences.

A lender should gather enough information for it to be able to make an informed decision on the lending. Although the guidance and rules themselves didn't set out compulsory checks, they did list a number of things a lender could take into account before agreeing to lend. The key thing was that any checks needed to be proportionate and had to take into account a number of different things, including things such as how much was being lent and when what was being borrowed was due to be repaid. A business should also take into account and react appropriately to what it knew about the consumer at the time it made its lending decision.

I've kept this in mind when thinking about Lendable's decision on both loans granted to Mr C.

Loan 1

Lendable has provided information to show that it captured some initial information about Mr C's employment and income before agreeing to lend this loan. It has also provided the results of its search into Mr C's credit file. I can see Mr C declared he was employed on a monthly income of £3,333. Lendable says it verified Mr C's income using data from credit reference agencies as £2,572.

The information from Mr C's credit file showed he had a total active balance of £1,727; made up of two credit card accounts with a joint outstanding balance of £203 and a defaulted account with an outstanding balance of £1,524. The default from 2020 and the balance on that account had been steadily reducing. From what I can see, Mr C wasn't required to make monthly contractual payments towards this defaulted account.

The highest repayment on loan 1 represented around 11% of Mr C's verified income and given the low level of credit exposure he had at the time, I think it was reasonable for Lendable to conclude based on its reasonable checks that the repayments were affordable for him throughout the term. Mr C would have been left with sufficient income to repay the loan and reasonable living costs as well.

Based on what I've seen, I don't think Lendable was wrong to lend loan 1.

Loan 2

Before agreeing this loan, Lendable searched Mr C's credit file and obtained details of his bank account transactions through open banking. It says based on the checks, it was satisfied Mr C could afford the borrowing.

Lendable searched Mr C's credit file and it showed Mr C's overall credit balance had increased to around £7,488, Mr C's default from 2020 had now been repaid and marked as satisfied. Looking at the bank statements Lendable had access to, Mr C's income was roughly around £2,600, so it had slightly increased from the time of loan. From what I can see, Mr C living costs including credit commitments were around £1,500. This would have left him with sufficient disposable income to make the repayments of this loan and have some disposable income left over.

After careful considerations, I think there wasn't anything within Mr C's financial circumstances that would have led Lendable to conclude that he couldn't afford the repayments for loan 2.

Overall, I don’t think Lendable lent to Mr C when it shouldn’t have. I accept Mr C had defaulted accounts recorded on his credit file, but these were either reducing or satisfied and I don’t think those on their own meant Lendable should have declined him credit automatically.

I’ve also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I’ve already given, I don’t think Lendable lent irresponsibly to Mr C or otherwise treated him unfairly in relation to this matter. I haven’t seen anything to suggest that s.140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

Based on the information above, I do not uphold this complaint or make any awards against Lendable Ltd.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr C to accept or reject my decision before 19 August 2025.

Oyetola Oduola
Ombudsman