

The complaint

Mrs O complains Lendable Ltd irresponsibly provided her with an unaffordable loan.

What happened

Lendable provided Mrs O with a loan in September 2021. The loan amount was £5,000 with an additional £150 loan fee. It was repayable over 36 monthly instalments of around £160 and had a total repayable value, including the loan fee and interest, of around £5,760.

Mrs O complained to Lendable in October 2024. She said it hadn't completed proportionate checks before approving the loan, instead relying on information provided by the third party her application had been submitted through. She said more detailed checks would have led to Lendable identifying she already had existing debts, and that this loan wouldn't be affordable for her. Mrs O has said the provision of this loan caused her financial hardship and difficulties managing her credit commitments and essential expenditure.

Lendable issued a final response letter in January 2025 in which it didn't uphold Mrs O's complaint. It said it conducted further checks once it received Mrs O's application from the third party, and it considered these checks to have been proportionate to the lending it was providing. Lendable went on to say it made a fair lending decision when approving Mrs O with this loan.

Unhappy with Lendable's response Mrs O referred her complaint to our service for review.

Our investigator considered the details and didn't uphold Mrs O's complaint. They concluded Lendable had completed proportionate checks and had gone on to make a fair lending decision when providing her with this loan.

Lendable accepted our investigator's view; Mrs O didn't. In summary, she presented further information about her monthly expenses that she considered proportionate checks ought to have identified; and she set out why she considered our investigator hadn't reached a fair outcome.

Our investigator considered the further information Mrs O presented, and set out why it didn't change their view of the complaint.

Mrs O asked for an ombudsman's decision, so the complaint has been passed to me to decide.

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.

The information in this case is well known to Mrs O and Lendable, so I don't intend to repeat it in detail here. I note that Mrs O has asked for specific questions to be answered as part of an ombudsman's review. I don't mean to be discourteous to Mrs O, but I won't be answering

the specific questions she has presented, although my findings below do in part cover some of the points she's raised.

I say this because my role is to consider all of the evidence and use my judgement to decide what I consider to be the key points of this complaint. So, my decision here focuses on what I consider to be the key points; however, I would like to assure both parties that I've carefully reviewed all of the information and evidence available to me, even if I haven't specifically commented on it.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website.

At the time Lendable provided this loan it needed to take proportionate steps to ensure it was affordable and sustainable for Mrs O. There isn't a set list of checks Lendable needed to conduct, but we'd expect the checks to be proportionate to the terms of lending being provided. In practice this means we generally consider a lender's checks need to be less thorough at the early stages of a lending relationship – in terms of the information it obtains and looks to verify to reach its decision. But if the lender identifies information through its checks which ought reasonably to cause it concern, because for example the information suggests there's a higher risk of the lending being unaffordable or unsustainable, we'd expect more detailed checks from the lender for it to be able to evidence it didn't lend to a customer irresponsibly.

I've used this approach to help me decide this complaint, and I've set out my findings below under separate headings for ease.

The lending decision

Lendable has said it obtained Mrs O's declared income and validated this via an online credit tool check. It also says it completed a credit check to identify Mrs O's existing credit commitments and management of credit.

Lendable has said through these checks it was able to determine that Mrs O had a reasonable level of income to sustainably afford repayments to this loan, as well as other credit commitments and living expenses. Lendable says it considers these checks were proportionate and that it went on to make a fair lending decision when providing Mrs O with this loan.

I've carefully considered Lendable's arguments. Having done so, I'm persuaded its checks were proportionate, and that it went on to make a fair lending decision when providing Mrs O with this loan.

I say this because Lendable took Mrs O's declared income of £40,000; and it validated this using an online credit tool check. Mrs O declared within her application that she lived in rented accommodation, and that her personal commitment to this rent was £0 per month.

The credit check Lendable completed showed no recent adverse information. Mrs O had a number of active credit accounts which all appear to have been managed well in the recent months leading up to this application. The credit check reported that Mrs O had around £11,400 of existing credit, split across revolving and non-revolving accounts.

Within their view our investigator set out that Mrs O's debt to income ratio was around 74%; however, this was incorrect. Lendable identified through the credit check it completed that Mrs O was utilising 74% of her revolving credit limits. She had balances reported across

revolving credit accounts totalling around £4,040, against available total limits of around £5,440.

Lendable's checks actually identified that Mrs O had a debt to income ratio of around 28% (which was calculated as Mrs O had £11,400 of existing debt against her validated income), which would increase to around 40% with this new loan.

While a debt to income ratio is an important factor to take into account as part of any creditworthiness assessment; more significant weight is placed on the servicing of the debt, as this feeds into the monthly affordability calculations.

Mrs O already had a commitment of around £390 to non-revolving debt, and would need to be paying around £150 per month to her revolving debts when taking into account reasonable repayments. With this new loan payment of around £160 per month, Mrs O would be paying a total of around £600 per month on servicing debt.

Lendable reasonably concluded Mrs O would be using around 28% of her monthly income on servicing debt. This would therefore leave Mrs O with around 72% of her monthly income, equating to around £1,850 of the validated amount, to cover other costs including essential and discretionary expenditure.

I consider this was a reasonable level of residual income for Lendable to be satisfied Mrs O could afford repayments to this new loan, as well as cover other living costs. And as I've set out above, I don't consider there was anything within the information it obtained that warranted more detailed checks.

Mrs O has made reference to Lendable not verifying her housing costs. However, I would set out to Mrs O that Lendable received a declared commitment to housing costs of £0 within the application it received. Mrs O has questioned how likely it is that an individual over the age of 40 wouldn't have housing costs to cover each month. However, this is an assumption. I don't consider it unreasonable for Lendable to have accepted Mrs O's declaration in good faith. As I've set out above, I haven't seen anything to suggest it should reasonably have questioned the information it received. And in any event its calculations, which I've reviewed, did show Mrs O would be left with around 72% of her income to cover her monthly non-discretionary expenditure, which I consider reasonable.

I acknowledge the responses Mrs O provided to our investigator's view; and her position on why Lendable's checks weren't proportionate. However, for the reasons I've set out above, I'm satisfied Lendable's checks were proportionate in this instance, and it therefore didn't need to verify Mrs O's actual non-discretionary expenditure.

So, it follows I'm satisfied Lendable went on to make a fair lending decision when providing Mrs O with this loan.

Has Lendable acted unfairly or unreasonably in any other way?

Mrs O has said the provision of this loan led to financial difficulties, and that she was unable to meet her commitments to credit and other essential costs on a monthly basis.

I've carefully considered Mrs O's comments here, and the evidence I've received from Lendable. I've seen Mrs O made the first 35 contractual payments to this loan in line with her obligations, although it appears the last payment hasn't been made (at least at the time Lendable provided our service with its file for this case e case in February 2025). There's no evidence to show Mrs O contacted lendable at any point throughout the agreement about financial difficulties, until she complained in October 2024.

So, while I don't doubt Mrs O's testimony about the financial difficulties she's experienced, I've not been presented with evidence which leads me to reasonably conclude Lendable was – or ought reasonably to have been – aware of these difficulties; and that it therefore should have provided Mrs O with support or forbearance.

I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

I am sorry to disappoint Mrs O as I acknowledge my decision isn't the outcome she was hoping for. But for the reasons I've set out above I consider Lendable made a fair lending decision when providing this loan; and it therefore follows it doesn't need to take any further action in resolution of this complaint.

At the time this complaint was referred to our service the loan still had an outstanding balance to repay. I would remind Lendable of its obligations to treat Mrs O fairly and sympathetically in its engagement with her, and any activity relating to the recovery of any outstanding debt.

My final decision

My final decision is that I don't uphold Mrs O's complaint about Lendable Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 10 October 2025.

Richard Turner
Ombudsman