

The complaint

Mr D complains that Lendable Ltd overcharged him when he settled his personal loans early.

What happened

Mr D successfully applied for three personal loans with Lendable between 2021 and 2023. Each of the loans were to be repaid over a period of 24 months.

In March 2022, Mr D told Lendable he intended to pay his first loan early. Lendable provided an early settlement figure of £784.85 – which Mr D paid. In May 2023, Mr D asked to pay his second loan early. Lendable provided an early settlement figure of £871.46. Mr D didn't make the payment, but made several smaller payments between May and June 2023 to clear the outstanding balance. In December 2024, Mr D made several payments to clear the outstanding balance on his third loan.

Following the settlement of the third loan, Mr D complained that he'd been overcharged and had paid too much interest on each of his loans. He said that under The Consumer Credit (Early Settlement) Regulations 2004 (CCESR), Lendable should have included an interest rebate when calculating his settlement figures. He said that being overcharged has caused him financial hardship and distress. He asked Lendable to refund any amount that he overpaid, with interest – but said he'd accept a payment of £450 to bring the matter to a close.

Lendable didn't agree it had made an error. It said that because Mr D settled the loans early, he's paid less overall than he would have had they continued for their full terms. It said the settlement figures were calculated correctly in line with the terms and conditions of the loans – and that Mr D had paid less than he ought to have to settle the third loan because he didn't follow the correct process to request a settlement figure.

Still unhappy, Mr D referred his complaint to this service. One of our Investigators considered the complaint and didn't uphold it. They were satisfied Lendable had shown it had calculated the settlement figures on the loans in line with its normal process. Mr D didn't agree with the Investigator's conclusions, and asked that the complaint be referred to an Ombudsman for a final decision. So, it's been passed to me to decide.

During the course of the complaint, Mr D has suggested that the loans shouldn't been provided to him to begin with. Our Investigator explained that this would be a new complaint that Mr D would need to raise separately with Lendable. If he does that, he may then be able to refer the matter to this service if he remains dissatisfied with the response received. In my decision, I'll only be commenting on the concerns Mr D raised with Lendable about his early settlements.

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.

While I've read and considered all of the information provided by both parties, my decision will focus on what I consider to be the key points of Mr D's complaint. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome – and isn't intended as a discourtesy. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is more likely than not to have happened given the available evidence and wider circumstances.

In his submissions to this service, Mr D has made reference to the CCESR as well as other legislation and regulations. In considering Mr D's complaint I've taken into account the relevant law and regulations, as well as good industry practice and what is fair and reasonable.

I appreciate Mr D feels strongly that Lendable overcharged him when he settled his loans. It's not the role of this service to calculate Mr D's early settlement figures or audit the calculations carried out by Lendable. But I've considered whether Lendable has done enough to demonstrate that it treated Mr D fairly when calculating his settlements and responding to his concerns. I've also considered Mr D's specific concerns about how the settlement figures were calculated.

I've reviewed the terms of Mr D's loans. Interest accrued on the loans daily, and the accrued amount was added to the balance each month. This meant the outstanding balance represented the amount of borrowing left to repay as well as interest that had already accrued. This also meant the payments made towards the start of the loan were comprised of more interest than the later payments.

When a customer tells a lender they want to settle a loan early, the CCESR sets out how the remaining settlement figure should be calculated. Lenders should apply a calculation to determine how much needs to be paid – and this process is usually automated. Where a loan has a term of more than one year – as Mr D's did – lenders are allowed to defer their calculations by 58 days from when the customer made their request. This means lenders can charge interest for an additional 58 days after the settlement is requested – which will normally be factored into an early settlement figure and rebate calculation.

Lendable says Mr D saved money by paying the loans back early – and the amount of interest he paid is less than if the loans had run to their full terms. It also said that when Mr D requested settlement figures on the first two loans, it didn't defer its settlement calculations by 58 days as it was entitled to under the CCESR. Instead, it calculated the interest that had accrued since the last payment was made – and didn't charge anything further. This meant Mr D only paid the interest that had accrued up to the date he settled the loan.

Lendable says it would have deferred its rebate calculation by 58 days when Mr D settled the third loan – but because he paid the outstanding balance by bank transfer without first requesting a settlement figure, it didn't have the opportunity to do so. It said this effectively meant Mr D paid less on each of the loans than Lendable would have been entitled to charge had it deferred its settlement calculations. I think Lendable's explanation of how it calculated the settlement figures is reasonable – and the amounts it charged are consistent with what I'd expect to see when a loan of this type is settled early.

Mr D says that he made some overpayments on the loans before they were settled. He says Lendable's settlement figures didn't allow for this – so cannot be correct. While I've considered Mr D's comments, I haven't seen any calculations or other evidence to demonstrate why Mr D's overpayments mean the settlement figures were incorrect.

The terms of the loans say that when a customer makes an overpayment, the remaining balance is reduced by the repayment amount as well as any rebate applicable. Where Mr D

made overpayments, it appears those payments were factored in to the remaining balance and any necessary interest adjustments were applied at that time. I don't think the fact Mr D made overpayments suggests Lendable made an error when calculating his settlement figures, or that he paid too much to settle the loans.

I haven't seen any other evidence or information to persuade me that Lendable made an error when calculating Mr D's settlement figures, or that Mr D overpaid when settling the loans. I'm satisfied Lendable provided an adequate explanation as to how it calculated the settlement figures, and I haven't seen anything to suggest it didn't follow the relevant rules when doing so.

I appreciate this will come as a disappointment to Mr D, but for the reasons I've explained I'm not persuaded that Lendable made an error here or that it treated him unfairly. So, I don't require it to reimburse any of the amounts paid by Mr D when he settled his loans – or pay him the compensation amounts that he's asked for.

My final decision

For the reasons I've explained, my final decision is that I don't uphold Mr D's complaint about Lendable Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 5 June 2025.

Stephen Billings
Ombudsman