

## **The complaint**

Miss A complains that Lendable Ltd trading as Lendable was irresponsible in its lending to her. She wants all interest and charges refunded along with statutory interest, and any adverse information removed from her credit file.

## **What happened**

Miss A was provided with a £3,000 loan (with a £175 loan fee) by Lendable in May 2021. The loan term was 36 months and Miss A was required to make monthly repayments of around £134.

Miss A said that at the time the loan was provided, her credit report showed she had a lot of other debts outstanding and had missed payments on these. She said that given the size of the loan, further checks should have been carried out to verify her income and expenses. She said that had this happened Lendable would have seen the loan was unaffordable and rejected her application.

Lendable said that it carried out reasonable checks before the loan was provided using data included in Miss A's application as well as information from the credit reference agencies. It concluded that Miss A had a sufficiently healthy credit history. It noted that Miss A had declared she was employed full time with a monthly income of at least £1,890, which it was able to validate. Lendable said it couldn't find any circumstances at the time of Miss A's application that would have prevented it from lending to her.

Miss A referred her complaint to this service.

Our investigator thought that proportionate checks were carried out before the loan was provided. As these suggested the loan was affordable for Miss A they didn't uphold this complaint.

Miss A didn't agree with our investigator's view. She reiterated that she had a high level of debt and said she was in a cycle of debt.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue a 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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the

total cost of the credit.

Miss A was provided with a £3,000 loan by Lendable in May 2021. The monthly repayments were around £134. Before the loan was provided, Lendable asked Miss A about her employment and income and carried out a credit check. Miss A's declared income was validated using a credit reference agency tool and Lendable had access to Miss A's open banking data to check for signs of financial difficulty in her account. Based on this, I think that Lendable had the information available to it at the time of lending to get a clear understanding of Miss A's financial situation.

Miss A declared a monthly income of £1,890 and this was validated. While the open banking data wasn't used for the validation, I do not find that this raises concerns about the amount declared.

Miss A's credit check showed that she had £5,440 of outstanding debt including £2,911 of loans /instalment credit and £553 of revolving credit. Miss A was utilising around 85% of her revolving credit limits. I do not find that this amount of debt suggested that she was overindebted and her credit utilisation didn't raise any major concerns. However, Miss A did have other adverse information recorded on her credit report. She had four defaults and a county court judgment recorded within the previous 36 months. She had also taken out new debt within a few months of this application. So, while Miss A's more recent credit data (previous 12 months) didn't raise any major concerns (one missed payment around seven months earlier than the account was brought up to date), given her previous credit issues, I think that Lendable needed to carry out an affordability check to fully understand Miss A's financial circumstances and to ensure that she was in a position to be able to sustainably take on further debt.

Lendable used Miss A's credit check to determine her repayments towards her existing credit commitments and I find this reasonable. Based on this and the information included in the banking data I do not find I can say the loan should have appeared unaffordable. So, while I appreciate Miss A had experienced previous credit issues, I do not find that I have enough to say that Lendable made an unfair lending decision in this case.

I've also considered whether Lendable acted unfairly or unreasonably in some other way given what Miss A has complained about, including whether its relationship with her might have been viewed as unfair by a court under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Lendable lent irresponsibly to Miss A or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 30 May 2025.

Jane Archer  
**Ombudsman**