

The complaint

Miss A complains that Admiral Financial Services Limited trading as Admiral Money (“Admiral”) irresponsibly provided her with a loan and didn’t conduct sufficient affordability checks whilst she was struggling financially.

What happened

Admiral provided Miss A with a loan for £5,000 on 2 December 2023. The terms of the loan meant it was to be repaid over 36 months at an APR of 16.2%. This meant that Miss A would be paying £174 a month with a total repayable of £6,257.

On 27 November 2024, Miss A complained to Admiral that it had lent to her irresponsibly whilst she was struggling financially. She felt that Admiral hadn’t conducted sufficient checks and if it had, her financial situation would have been obvious.

Admiral didn’t uphold Miss A’s complaint so she referred it to us.

Our investigator thought Admiral hadn’t conducted proportionate checks before agreeing to lend to Miss A. But he concluded it had made a fair lending decision after reviewing Miss A’s bank statements.

As Miss A disagreed with this outcome the case has been passed to me to make 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.

Having done so, I’ve reached the same conclusion as that of our investigator and I’m satisfied that this complaint shouldn’t be upheld.

I’m aware that I’ve summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I’ve focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there’s something I’ve not mentioned, it isn’t because I’ve ignored it. I haven’t. I’m satisfied I don’t need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I’ve got is incomplete, unclear or contradictory, I’ve to base my decision on the balance of probabilities.

Admiral will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don’t consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Having carefully looked at everything provided by both parties, I've decided to not uphold Miss A's complaint. I've explained why below.

Admiral's decision to lend to Miss A

Admiral needed to make sure that it didn't lend irresponsibly. In practice, what this means is Admiral needed to carry out proportionate checks to be able to understand whether Miss A could afford to repay the loan she had applied for before granting it.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Admiral says it agreed to Miss A's application after she provided details of her employment and salary and some information on her expenditure. It says it cross-checked this against information on a credit search it carried out and by using national statistical data. Admiral said there was no recent adverse credit information prior to the applications such as defaults or delinquencies. In Admiral's view all of this information showed Miss A could afford to make the repayments she would be committing to.

On the other hand, Miss A has said she was in financial difficulty and was reliant on hardcore borrowing.

I've carefully thought about what Miss A and Admiral have said.

Admiral didn't just simply accept what Miss A said. It carried out credit searches which showed that Miss A had no recent adverse information on her credit file that it could see. I don't think that it was unreasonable to rely on Miss A's declarations after it confirmed her income and expenditure with the credit reference agency it used and using national statistical data, which suggested that the repayments were affordable. I say this as from the information Admiral gathered and the evidence I've seen, Miss A was left with a disposable income of over £400 a month and this was after taking into consideration the new monthly loan repayment of £173. So I think a repayment of around £173 a month, in the absence of any concerning evidence, appeared affordable.

Miss A told us that her overtime payments were inconsistent each month although she also told us that she was guaranteed a number of hours across the year. So I think when Miss A disclosed her annual salary in her application, Admiral were correct to consider this, along with another regular payment each month towards bills. Miss A also told us that she had around £27,000 of debt and that a large proportion of her pay went towards her credit commitments. But Admiral were aware of her outstanding debt when it considered the application and from the evidence I've seen from her credit file, Miss A appeared to be managing her existing credit commitments well, with no recent defaults, county court judgements or delinquencies.

I accept that Miss A appears to be suggesting that her actual circumstances may not have been fully reflected either in the information she provided, or the information Admiral

obtained. Miss A told us she was struggling financially at the time of the application. However, Miss A didn't make Admiral aware of this until she made her complaint to it and nor would it have been evident from the information it obtained. I'm sorry to hear about what Miss A told us was happening in her personal life at the time and I hope her circumstances improve soon.

But it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. Given the amount of the monthly repayments, the disposable income that appeared to be left each month and the lack of other obvious indicators of an inability to make the monthly repayments in the information Admiral did obtain, I don't think that reasonable and proportionate checks would have extended into requesting the information that would have shown Miss A's personal issues at the time.

At best, even if I were to accept that further checks were necessary, which I'm not necessarily persuaded is the case here, any such checks would only have gone as far as finding out more about Miss A's regular living costs. And I don't think that conducting a full financial review – which was really the only way that it might have been able to find out the full extent about Miss A's circumstances - was the only way that Admiral could have done this. But I think going as far as this would have been disproportionate given the circumstances. I appreciate that our investigator has considered the statements that Miss A kindly provided and concluded that Admiral made a fair lending decision, but I don't think Admiral needed to go this far. And given the fact that Miss A wanted this loan in order to purchase a vehicle, I'm not sure she would have disclosed her full financial situation in the knowledge that if she had, the loan may not have been approved.

As this is the case, I don't think that Admiral did anything wrong when deciding to lend to Miss A - it carried out proportionate checks (albeit I accept that Miss A doesn't agree that these went far enough) and reasonably relied on what it found out which suggested the repayments were affordable.

So overall I don't think that Admiral treated Miss A unfairly or unreasonably when providing her with her loan. And I'm not upholding Miss A's complaint. I appreciate this will be very disappointing for Miss A as I can see that she feels strongly about this matter. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

Did Admiral act unfairly in any other way

I've also considered whether Admiral acted unfairly or unreasonably in any other way, including whether the relationship between Miss A and Admiral might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Admiral 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

For the reasons given above, I'm not upholding Miss A's complaint against Admiral Financial Services Limited trading as Admiral Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 1 October 2025.

Paul Hamber
Ombudsman