

The complaint

Mrs B complains Admiral Financial Services Limited (Admiral) irresponsibly lent to her because it didn't carry out reasonable and proportionate checks to ensure the lending was affordable. In particular, she complains she took out another loan around the same time which meant the lending was unaffordable and Admiral would have discovered this had it completed appropriate checks.

What happened

Mrs B took out a loan with Admiral on 25 February 2022. The amount of credit being provided was £20,000 and the total amount repayable was £24,360.84. Mrs B was to make 84 monthly repayments of £290.01.

Mrs B complained to Admiral on 5 February 2025. She confirmed she had taken out two loans within days of each other. She said had Admiral checked properly it would have discovered this other loan and that the agreement wasn't affordable for her. For clarity, Mrs B's complaint about the loan being taken out as a result of a scam has been dealt with separately and is not the subject of this decision.

Admiral responded to the complaint on 26 February 2025. It said it had confirmed with Mrs B that she was going to use the loan for debt consolidation and that this would ultimately reduce the amount she was paying each month towards existing credit. It said its affordability assessment demonstrated she could afford the lending. Therefore, it didn't uphold the complaint.

Mrs B remained unhappy and asked our service to investigate. Our Investigator looked into things and explained why she felt Admiral had made a fair lending decision. Mrs B didn't accept our Investigator's findings. In summary, she said:

- She was under extreme financial pressure from outside sources and was the victim of financial abuse. They stole a significant amount of money from her and the money was sent on as part of a scam.
- She took out another loan at the same time and had Admiral completed sufficient affordability checks then it would have flagged therefore the lending was irresponsible.
- The other lender she took out a loan with admitted they were irresponsible in the circumstances and have now put this right. Therefore, Admiral should also be asked to do so.
- She accepts she said it was debt consolidation as she knew she wouldn't be able to get the loan otherwise. She was told to say this and when you're not able to make decisions then you do what you're told to do. She was extremely vulnerable, and she has had to work hard to rebuild her life.

As Mrs B didn't agree with our Investigator's opinion, the case 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.

I think there are key questions I need to consider in order to decide what's fair and reasonable:

1. Did Admiral carry out reasonable and proportionate checks to satisfy itself that Mrs B was in a position to sustainably repay the credit?
 - If so, did it make a fair lending decision?
 - If not, what would reasonable and proportionate checks have shown at the time?
2. Did Admiral act unfairly or unreasonably towards Mrs B in some other way?

Admiral had to carry out reasonable and proportionate checks to satisfy itself that Mrs B would be able to repay the credit sustainably. It's not about Admiral assessing the likelihood of being repaid, but it had to consider the impacts of the repayment on her.

There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments and the overall circumstances of the borrower.

At the time of the lending, Mrs B declared information about her circumstances, and I've seen a copy of the application. She declared her income and employment situation. She also declared the purpose of the loan was for consolidation and explained what loans she intended to consolidate.

Admiral also completed a credit check which showed information about Mrs B's existing credit commitments. There were no county court judgments (CCJs) or defaults registered against Mrs B at the time of the lending. She had five active credit accounts (plus her mortgage) and no recent arrears. The accounts seemed to be well managed at the time, although Mrs B did have a high existing debt balance. This was noted by Admiral who called Mrs B to confirm the loan was for debt consolidation and Mrs B has accepted she confirmed it was. Admiral also had information about what existing loans Mrs B intended to consolidate.

I'd note at this point that the other loan Mrs B took out around the same time did not show on Admiral's credit search and I don't think it had a reason to suspect she had applied for additional credit elsewhere. New lines of credit can take a bit of time to appear on a consumer's credit file, and the credit search was conducted by a reputable credit reference agency. I think Admiral were entitled to rely on the information it obtained.

In respect of Mrs B's income, Admiral verified Mrs B's net monthly income as being £2,832.84. Mrs B had also declared she was paying £1,000 for her mortgage (I'd note the credit search shows a repayment of £1,380). It then went on to estimate Mrs B's other non-discretionary expenditure using data from the Office of National Statistics (ONS). This showed Mrs B would have sufficient disposable income remaining to ensure the lending was affordable.

Our Investigator explained why she felt these checks were reasonable and proportionate and Admiral had made a fair lending decision based on the outcome of its affordability

assessment. Admiral understood Mrs B sought to consolidate her debts and this would reduce her overall monthly loan repayment. Additionally, the credit search seemed to indicate Mrs B was managing her existing credit commitments and so was likely to be able to afford the new monthly repayment.

I recognise there is an argument here to say that Admiral ought to have asked Mrs B for specific information about her other essential spend rather than relying on ONS data. I've thought about the terms of the loan including the amount borrowed, the size of the monthly repayments and the duration of the agreement. I think this was a fairly significant amount of credit. I acknowledge Admiral sought confirmation Mrs B was going to use the funds to consolidate her existing debt and reduce her overall monthly repayments, but I think it ought to have asked her about her specific essential spend (bills, food, insurance and so on) to ensure she wasn't borrowing more than she could afford.

However, this doesn't change the outcome of the decision. I say this because I think even if Admiral had asked about Mrs B's essential spending, then it was likely to have discovered the lending was affordable for her. To understand what was likely to have been disclosed to Admiral, I have reviewed Mrs B's bank statements for the period leading up to the lending.

To be clear, I only think Admiral needed to ask about her essential spend. It didn't need to go as far as to obtain and review bank statements, but they do give me a clear indication of what was likely to have been discovered had Mrs B been asked about her essential spend. I'd note it also already had information about her existing credit commitments. Having considered everything, I don't think it would have reasonably found out about the other loan Mrs B took out at around the same time when it asked about her essential spend. As it completed a credit search, it wouldn't have needed to ask anything more about her existing credit.

Looking at her statements, it seems her essential spend was such that she'd be able to meet her commitments and the new monthly repayments, particularly where Admiral understood Mrs B was consolidating debt. I think Admiral were likely to have discovered she would be left with enough disposable income to demonstrate she could sustainably make the repayments throughout the course of the agreement. I appreciate what Mrs B has told us about her actual circumstances at the time, but I must think about what Admiral was more likely than not to have found out. Therefore, I can't say Admiral ought to have found the agreement was unaffordable for her. Additionally, there was nothing in the information about how Mrs B was managing her existing credit which ought to have suggested to Admiral that further lending would be unsustainable.

I've also thought about whether Admiral acted unfairly or unreasonably towards her in some other way. I understand this has been a very difficult situation for Mrs B. However, I need to be clear that her concerns that she was the victim of a scam when she took out this loan were dealt with separately by our service. So, I'm not making a finding on this here. Outside of this and thinking about the evidence I have, I can't say there was another reason why it was irresponsible for Admiral to have lent to her. I do appreciate what she has said about taking out a second loan around the same time, but I don't think Admiral would reasonably have found this out as it did not appear on the credit search it completed. Mrs B applied for the credit and Admiral confirmed the purpose of the loan with Mrs B over the phone when carrying out its affordability checks.

I've also considered whether the relationship 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 Mrs B 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.

I understand Mrs B's complaint with the other lender who provided her with the second loan was upheld by the lender. However, I must decide each case based on what's fair and reasonable given the individual circumstances of the complaint and evidence before me. This is what I've done here.

Taking everything into account, I can't conclude Admiral shouldn't have lent to Mrs B. I do think it ought to have asked her more questions about her essential spend, but had it done so I'm satisfied the lending would have seemed affordable. This is particularly the case where it had confirmation she intended to consolidate her existing borrowing. It had no reason to doubt what she had told it. Additionally, it reasonably carried out a credit search it was entitled to rely on when assessing Mrs B's existing commitments and I'm unable to conclude it ought to reasonably have discovered the second loan. Therefore, I won't be asking Admiral to do anything to resolve this complaint.

My final decision

For the reasons outlined above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 13 January 2026.

Laura Dean
Ombudsman