

The complaint

Miss C complains that Lendable Ltd trading as Zable lent irresponsibly when it approved her credit card application and later increased the limit.

What happened

Miss C applied for a Zable credit card in February 2023. In her application, Miss C said she was employed with a monthly income of £2,462 and renting her home at £484 month. Zable carried out a credit search and found Miss C had various defaults and arrears. Two of the defaults were registered in the previous 12 months. Zable carried out an affordability assessment and approved Miss C's application, issuing a credit card with a £350 limit.

Miss C used the credit card and Zable went on to increase the credit limit to £800 in May 2023 and £1,500 in November 2023.

At the end of 2024 Miss C contacted Zable and a payment deferral plan was agreed for two months from January 2024. Miss C later contacted Zable to confirm she was working with a Debt Management service and her account was placed on hold.

Miss C complained that Zable lent irresponsibly and it issued a final response. Zable said it had carried out the relevant lending checks before approving Miss C's application and increasing the credit limit and didn't agree it lent irresponsibly.

An investigator at this service upheld Miss C's complaint. They thought the recent defaults found on Miss C's credit file showed she was already experiencing financial difficulties when she applied to Zable and should've shown further credit was unlikely to be affordable. Zable didn't agree and said its credit card was designed to help customers improve their credit and that previous defaults wouldn't make them ineligible. Zable also confirmed it had approved a moderate credit limit when looking at Miss C's application and that payments were made until they recently asked for support. As Zable asked to appeal, Miss C's complaint 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.

Before agreeing to lend or increasing the credit limit, the rules say Zable had to complete reasonable and proportionate checks to ensure Miss C could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and

- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information that Zable obtained when considering Miss C's application above. I can see Miss C provided details of her income along with her monthly rent. Zable also carried out a credit search to get a picture of how Miss C's existing debts were handled. I've reviewed the full credit report provided by Zable.

In response to the investigator's view of Miss C's complaint Zable explained its credit card is designed to help customers build their credit. Zable's confirmed that having defaults doesn't make customers ineligible to apply for a credit card. I take Zable's point and understand that it will accept a level of adverse credit from applications. But looking at Miss C's credit file, I found multiple defaults and missed payments across various accounts, including the two recent ones our investigator mentioned. I found a total of 13 accounts that were subject to default information and/or missed payments. I accept that some of that information was a few years old, but I think Miss C's credit file shows she'd been struggling with her finances for some time and had a history of being unable to repay debts.

The majority of the accounts on Miss C's credit file contained negative information of some sort, either missed payments or defaults. Miss C's explained she had financial difficulties for some time and was already party to a Debt Management Plan (DMP) at the time. Miss C has provided a screenshot from her DMP provider as evidence.

Whilst I understand Zable is willing to accept some negative credit, including defaults, I think that in Miss C's case the information shown on her credit file ought to have been sufficient to demonstrate financial difficulties and unsustainable credit going back some years. On balance I'm satisfied the default information Zable found in addition to the other information on Miss C's credit file should've been sufficient to show she was unlikely to have been able to sustainably make repayments to a new credit card. Overall, I'm satisfied the decision to approve Miss C's application wasn't reasonable based on the information Zable obtained.

It follows that if I think the original decision to approve Miss C's credit card application was irresponsible I think the same for the later credit limit increases. On balance, I haven't seen anything that leads me to conclude the higher credit limits were more affordable for Miss C.

Based on the available information, I'm upholding Miss C's complaint and directing Zable to settle by refunding all interest, fees and charges applied from inception.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed below results in fair compensation for Miss C in the circumstances of her complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

My final decision

My decision is that I uphold Miss C's complaint and direct Lendable Ltd trading as Zable to settle as follows:

- Rework the account removing all interest, fees, charges and insurances (not already

refunded) that have been applied.

- If the rework results in a credit balance, this should be refunded to Miss C along with 8% simple interest per year* calculated from the date of each overpayment to the date of settlement. Zable should also remove all adverse information regarding this account from Miss C's credit file.
- Or, if after the rework there is still an outstanding balance, Zable should arrange an affordable repayment plan with Miss C for the remaining amount. Once Miss C has cleared the balance, any adverse information in relation to the account should be removed from their credit file.

*HM Revenue & Customs requires Zable to deduct tax from any award of interest. It must give Miss C a certificate showing how much tax has been taken off if she asks for one. If it intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

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

Marco Manente
Ombudsman