

The complaint

Mr H complains that Admiral Financial Services Limited trading as Admiral Money was irresponsible in its lending to him. Mr H has a representative on this case but for ease of reference I have referred to Mr H throughout this decision.

What happened

Mr H applied for a £20,000 loan with Admiral Money in May 2024. The loan term was 60 months and Mr H was required to make monthly repayments of around £458. Mr H didn't think that proper checks were carried out before the loan was provided to ensure that it would be affordable for him. He said he was gambling at the time, and reasonable checks would have identified this, and it would have been clear that it wasn't responsible to provide him with the loan.

Admiral Money issued a final response to Mr H's complaint dated 2 October 2024. It said that Mr H applied for the loan in May 2024 saying it was for debt consolidation. It explained that it checked Mr H's declared income using an automated verification tool. It carried out an affordability assessment using the verified income and deducting amounts for Mr H's existing credit commitments based on information gained from the credit reference agencies and statistical data to estimate his other living expenses.

Admiral Money said that Mr H's credit report didn't record any defaults or missed payments and while he had debts totalling around £14,491, they were all being well-managed. It said Mr H set out the debts he intended to use this loan to consolidate, and that the consolidation would be financially beneficial. Admiral Money didn't think that further evidence such as bank statements were needed in this case and said it wasn't aware at the time of Mr H's gambling.

Mr H referred his complaint to this service.

Our investigator thought the checks carried out before the loan was provided were reasonable and he didn't think that Admiral Money had acted irresponsibly by providing the loan. He noted the comment about Mr H's gambling and the reference to the Consumer Duty, but he said that Mr H hadn't made Admiral Money aware of his gambling at the time of application and there was nothing in the checks it carried out which would have alerted it to this. The only evidence was in Mr H's bank statements and in this case, our investigator didn't think that Admiral Money needed to obtain these. He said that as Admiral Money wasn't aware of the difficulties Mr H was experiencing, he didn't think they could reasonably have done more.

Mr H didn't agree with our investigator's view. He said that the credit file and third-party statistical data wasn't up to date and shouldn't have been relied on. He also said the interest rate was high on the loan.

My provisional conclusions

I issued a provisional decision not upholding this complaint. While my outcome was the same as our investigator's as included additional reasoning, I issued a provisional decision

to allow the parties a chance to provide any final comments. The details of my provisional decision are set out below.

Before the loan was provided, Admiral Money gathered information about Mr H's employment and income and carried out a credit check. It asked the purpose of the loan which Mr H declared was debt consolidation. Admiral Money validated Mr H's declared income using a credit reference agency tool and used his credit report to identify his existing credit commitments and statistical data to assess his other costs.

Mr H declared he was employed full time with an annual income of £40,000. The credit check didn't record any adverse data and Mr H was managing his existing credit commitments at the time. However, Mr H had four secured loan/mortgages recorded on his credit file and he had taken out an additional credit card around two months prior to this application so I find it reasonable that this resulted in his application being referred for further checks. While I note Mr H said the loan was for debt consolidation, he also said that just under £4,000 would be used for a holiday. So, Mr H was taking on additional debt.

Taking everything into account, specifically that Mr H had substantial existing credit commitments and appeared to be increasing these, I think it would have been proportionate for Admiral Money to have carried out further checks to verify Mr H's income and to ensure it had a clear understanding of his actual, rather than estimated, expenses.

I do not think that Admiral Money was required to ask Mr H to provide copies of his bank statements, and I accept that further confirmation of his income could be gained through other sources such as payslips. I also think it would have been reasonable to have asked Mr H about his expenses and to have relied on his responses alongside the statistical data it had subject to there not being any concerns about these. However, I have used the information contained in Mr H's bank statements to understand what further questions would likely have identified.

Mr H's declared an annual income of £40,000 giving a monthly net income of around £2,573. This was validated using a credit reference agency tool. Having looked through his bank statements I do not find that further checks would have raised concerns about Mr H's declared income. Admiral Money calculated Mr H's payments to his existing credit commitments based on his credit file. The credit checks showed Mr H as having four secured loans/mortgages. The repayments towards these mortgages totalled around £2,304 a month and this amount is supported by the additional information provided on behalf of Mr H. The mortgages were joint so taking 50% of these as Mr H's costs would give monthly mortgage costs of around £1,152. Additional to this, Mr H had credit card balances totalling around £11,932 and further loans.

While Mr H had a high amount of existing credit commitments, he set out those that he intended to use the Admiral Money loan to consolidate. I think it reasonable that Admiral Money would factor this consolidation into its calculations. Following the consolidation Mr H would have cleared his loan balances and some of his credit card debt. He would have been left with a credit card balance of around £2,146 which based on 5% monthly repayments would cost around £107 a month.

Mr H has said that he was also paying towards other joint bills for costs such as council tax, insurances, memberships, communications contracts and utilities. I think that further questions would have identified these and from the evidence provided the total joint costs were around £1,000 a month. Based on Mr H paying half of these joint costs, this would give his costs as around £500 a month.

Deducting from Mr H's monthly income his share of the mortgages, joint costs, remaining credit commitments as well as the repayments towards the new Admiral Money loan would

result in disposable income of around £356. While this doesn't include his general living costs such as food and fuel, his bank statements do not show him paying these costs and based on the other information provided I would expect these costs to be shared. So, based on the information I have received, I do not find that I have enough to say that further questions would have shown the loan to be unaffordable.

Mr H has noted the interest rate on the loan but as he was provided with this information before he agreed to it, I find he had the details he needed to make an informed decision. I also note that while the Admiral Money loan included additional lending above the consolidation amount, the amount Mr H would need to repay for his credit commitments was reduced by using this loan to consolidate his debts.

Mr H has explained that he was gambling at the time of the loan application. This is clearly shown on his bank statements. However, I have nothing to show that Mr H made Admiral Money aware of this. I note the comment about the Consumer Duty but in this case while I think that further checks would have been reasonable, I do not think that Admiral Money was required to obtain copies of Mr H's bank statements. As the information gathered, and what I think would likely have been identified through further checks, didn't identify his gambling, I do not find I can say that Admiral Money was required to do anything differently in this case. However, now that Mr H has explained his circumstances, I would expect Admiral Money to have this in mind and ensure Mr H is treated positively and sympathetically in any ongoing discussions.

Based on the above I do not find I can say that Admiral Money was wrong to provide the loan and therefore I do not uphold this complaint.

I've also considered whether Admiral Money acted unfairly or unreasonably in some other way given what Mr H has complained about, including whether its relationship with Mr H 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 Money lent irresponsibly to Mr H or otherwise treated him 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.

Mr H responded to my provisional decision. He challenged how reasonable the amounts estimated for his expenses were.

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.

When considering a complaint, I take all relevant rules, regulations and guidance into consideration and my decision is based on what I consider fair and reasonable given the circumstances of the complaint. Mr H has referred to the Consumer Duty and I have had this in mind, along with the other relevant regulations, as I have assessed 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.

I note Mr H's comment in response to my provisional decision. As I previously set out, as Mr H had substantial existing credit commitments at the time of his application and he appeared to be increasing these, I think Admiral Money should have carried out further checks to verify Mr H's income and to ensure it had a clear understanding of his actual, rather than estimated, expenses.

In this case and noting that Mr H's credit report didn't raise any concerns, and I do not think that Admiral Money was required to ask Mr H to provide copies of his bank statements. Confirmation of his income could be gained through other sources such as payslips and I think it would have been reasonable to have asked Mr H about his expenses and to have relied on his responses alongside the statistical data it had subject to there not being any concerns about these. However, I used the information contained in Mr H's bank statements to understand what further questions would likely have identified.

Having looked through all the information provided including Mr H's bank statements, I do not find I can say that further checks would suggest the loan to be unaffordable. I appreciate that Mr H's disposable income was quite low after his expenses but taking everything into account and as I previously set out, I do not think it was such that the lending shouldn't have been provided. So, while I note the comments made following my provisional decision, my conclusions haven't changed.

So, for the reasons I set out in my provisional decision, and the additional comments made above, I do not uphold this complaint.

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 Mr H to accept or reject my decision before 19 June 2025.

Jane Archer
Ombudsman