DRN-5585003

The complaint

Mr C is complaining that Lendable Ltd trading as Lendable lent to him irresponsibly by providing him with a personal loan.

What happened

In December 2022, Lendable approved Mr C's application for a £1,000 loan. The agreement required him to make 24 monthly repayments of around £53.

In July 2024, Lendable approved a further application for Mr C. This one was for a £2,000 loan and the stated purpose was to consolidate his debts. The loan agreement required Mr C to make 29 monthly repayments of around £102 followed by a final instalment of around £111.

Mr C has been making his payments on time. He settled his first loan early in September 2024 and the latest statement I've seen for his second loan didn't show any missed or late payments. But he complained to Lendable in September 2024 that the lending was unaffordable. And he said he was struggling with gambling at the time the second loan was taken out.

Lendable responded, saying they'd carried out appropriate checks before lending to Mr C. They said on each occasion they'd automatically verified Mr C's stated income and reviewed his credit file before deciding to lend to him. They were satisfied they'd done enough checks and hadn't found any circumstances that should have prevented them from lending to him.

Mr C wasn't happy with Lendable's response so brought his complaint to our service. In doing so, he said he was in huge amounts of debt elsewhere. He said although he makes all his payments on time, all his money goes straight out to creditors as soon as he's paid. So, he's left with nothing to live on and has to run a house and support two financially dependent children. Mr C also said he had a gambling addiction which would have been very visible from bank statements if they'd requested them.

One of our investigators looked into Mr C's complaint but didn't think it should be upheld. In summary, his view was that Lendable had done proportionate checks and fairly decided to lend to him.

Mr C disagreed. He said it was clear from his credit file at the time that he was in a spiral of debt getting out of control and had to keep taking out loans to repay others. He also said it wasn't appropriate to estimate his expenses instead of using actual figures. Mr C asked for an ombudsman to review his complaint – and it's come to me.

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'm not upholding Mr C's complaint, for broadly the same reasons as our investigator. I appreciate this will be disappointing for Mr C but I'll explain more below.

What's required of lenders?

The Financial Conduct Authority (FCA) sets out in a part of its handbook known as CONC what lenders must do when deciding whether or not to lend to a consumer, or when increasing the amount they lend to a consumer. In summary, a firm must consider a customer's ability to make repayments under the agreement without having to borrow further to meet repayments or default on other obligations, and without the repayments having a significant adverse impact on the customer's financial situation.

CONC says a firm must carry out checks which are proportionate to the individual circumstances of each case.

Loan 1 - £1,000 over 24 months

When Mr C applied for the first loan, he told Lendable his income was £1,850 per month, and Lendable were able to verify this using data from a Credit Reference Agency (CRA). This gave them a high confidence that his income was as high as he'd stated and was reasonably consistent.

Lendable also reviewed Mr C's credit report. They found that his active accounts were well managed with no defaults or arrears across the twelve months preceding his application.

They said they then estimated Mr C's accommodation and essential expenditure costs using statistical data on average essential spending broken down by geographical area. When I questioned this though, they said Mr C had told them his monthly expenses totalled £900 (excluding payments to creditors). And they said they added on Mr C's repayments to existing creditors, taken from his credit file, to arrive at a total expenditure figure and deducted this from his income. They calculated his payments to existing creditors would need to be around £188 per month, giving a total expenditure figure of around £1,088 and disposable income of around £700 per month after making the repayments needed under this agreement.

Whether or not these checks were proportionate depends on factors like the size and term of the loan, and what Lendable found. In this case, the loan was relatively small and over a relatively short term. And the repayments needed would be less than 3% of Mr C's monthly income. The credit report showed he didn't have significant existing debts – the total being under £2,000.

So, in summary, Lendable checked Mr C's income and payments to creditors, and used the figure he'd told them for his monthly expenditure. They also reviewed his credit file and found no indicators of current financial difficulties or other cause for concern. In the context, I'm satisfied they carried out enough checks.

Loan 2 - £2,000 over 30 months

When Mr C applied for his second loan, Lendable said, he told them his total non-discretionary expenditure was £435. Because they considered this to be low, they reviewed statistical data about average spending in the UK, and added around £820 to this figure. They again verified his income using an automated tool from a CRA, and they reviewed his credit report.

CONC allows firms to use statistical data to estimate a prospective borrower's likely expenditure, unless they ought to be aware that the individual's cost of living is likely to be significantly higher than average. I haven't seen any indications that Mr C's essential spending might have been higher than average – his credit file showed no missed payments in the preceding twelve months. Although there were a number of defaulted accounts on the report, these dated back to 2017 and 2018 so weren't indicative of financial difficulties at the time of his application.

Mr C's total debts had increased significantly in the 18 months since he'd previously applied for a loan with Lendable. But they weren't excessive when considering his income. He'd only opened one of these accounts in the six months prior to the lending decision. And his average utilisation of his credit cards was less than 70%. Lendable had already asked Mr C what his expenditure was, and he'd said it was much lower than the average arrived at using the statistical data. While Mr C says Lendable should have looked at his actual expenditure, and in particular his bank statements, I can't say they should have done more. The loan repayments required were still a small proportion of Mr C's monthly income and, taking into account the term of the loan, the state of Mr C's credit file, and the disposable income Lendable calculated, I'm satisfied Lendable's checks were in line with the FCA's guidelines.

Did Lendable make fair lending decisions?

In respect of the first loan, Lendable calculated Mr C would have disposable income of around £700 per month. And they saw nothing concerning on his credit file. So, I'm satisfied they made a fair decision to lend to Mr C – the loan would have appeared to have been readily affordable for him.

When it came to the second loan, Lendable verified Mr C's income at £2,273 per month and estimated his non-discretionary spending was around £1,255 per month. They estimated his existing credit commitments were around £780 but deducted £74 from this because Mr C had told them he would use the loan for debt consolidation. They then added on the loan repayments of around £102 for this new loan and determined that Mr C would have disposable income of around £210 per month.

I don't think Lendable should have deducted £74 from Mr C's existing credit commitments in their analysis. I appreciate that Mr C told them he'd use the loan for debt consolidation. But Mr C's existing debt profile suggests that was unlikely. And Lendable's estimate that he'd be replacing £74 per month of payments with a £102 per month repayment adds weight to that. However, even if Lendable hadn't deducted the £74 from his existing credit commitments, I'm satisfied they'd still have fairly been able to decide to lend to Mr C.

Mr C said he had a gambling addiction at the time of borrowing from Lendable. I appreciate how difficult this must have been, but I can't say Lendable should have been aware of it – as I've set out above, I'm satisfied they carried out enough checks before lending to Mr C.

Have Lendable acted unfairly in any other way?

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think Lendable lent irresponsibly to Mr C and I haven't seen anything to suggest they 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.

My final decision

As I've explained above, I'm not upholding Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 5 November 2025.

Clare King
Ombudsman