

The complaint

Mrs M complains that Lendable Ltd was irresponsible in its lending to her. She wants all interest and charges refunded and any adverse information removed from her credit file.

What happened

Mrs M was provided with a £5,000 loan by Lendable in April 2022. The loan term was 48 months and Mrs M was required to make monthly repayments of £195.65.

Mrs M said that the loan was not affordable and has caused her financial strain and negatively affected her health.

Lendable said that credit and affordability checks were carried out before the loan was provided. It said that the loan was issued in accordance with its lending criteria and was affordable based on the information available.

Mrs M referred her complaint to this service.

Our investigator thought that Lendable gathered a reasonable amount of information before lending to Mrs M. While she initially upheld this complaint, after further evidence and consideration she said that as the loan was intended for debt consolidation, and appeared to be used for this, it put Mrs M in a better financial situation. Therefore, she didn't uphold this complaint.

Mrs M didn't agree with our investigator's outcome. She said that this was the second loan Lendable provided to her and she had struggled to repay the first. She explained she got a loan from a family member to repay the first but then got into financial difficulties again and applied for another loan. She said that her credit file showed she had struggled to make repayments and had unstable finances, but the loan was still given. While she said she did use the Lendable loan to repay some debts she said she now has bigger problems as she can't afford this loan.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue 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.

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.

This complaint is about the £5,000 loan Mrs M was given in April 2022. Mrs M had received a previous loan from Lendable and so information about her account history was available to it. Additionally, before lending Lendable gathered information about Mrs M's employment, income and residential status. Mrs M said she was employed with a net monthly income of £1,517 and was a homeowner. Lendable requested copies of Mrs M's payslips to confirm her income and received open banking data. A credit check was undertaken which didn't record any defaults or county court judgements but did report some arrears on Mrs M's accounts, although Mrs M was managing most of her active credit commitments well.

Considering the checks Lendable undertook, I think these were proportionate. However, just because I think the checks were reasonable, it doesn't necessarily mean I think the lending should have been given. To assess that I have considered what information Lendable received through its checks and whether this should have raised concerns.

As noted above, Mrs M had a previous loan with Lendable. This was for £6,000. She maintained her repayments from March 2019 to April 2020 and then entered a series of payment plans, before returning to her full repayments in May 2021. Between April 2020 and May 2021, Mrs M was making regular payments and from May 2021 was making the full repayments before settling the loan early in October 2021. So, while Mrs M had needed to reduce her repayments for loan one she was able to return to full repayments (which were for a higher amount than the loan that is subject to this complaint) for the final months and settled the loan early around six months before applying for this loan. Therefore, I do not find that Mrs M's previous account history meant that further credit shouldn't have been provided.

Mrs M's credit report showed she had existing credit commitments consisting of a mortgage, credit cards, a hire purchase, loan and utilities as well as an overdraft on her current account. Mrs M was up to date on all of these accounts apart from her overdraft which was over the limit. Mrs M did have missed payments on her loan, but she had brought this account up to date and while there were arrears on her overdraft (with her being over the limit) the previous 12 months management didn't suggest persistent issues and I note the intended purpose of this loan was debt consolidation. So, considering the overall credit results I do not find these were such that I can say Lendable shouldn't have provided this loan.

Mrs M did have a history of using short term borrowing and had existing debts. While this loan was intended for debt consolidation, given there was some adverse credit history, I think it was particularly important to ensure that Mrs M would have sufficient disposable income left after paying for her regular commitments (including this loan), to allow for any additional or unforeseen costs.

Mrs M declared a monthly net income of £1,517. Lendable requested copies of her payslips and these, along with the open banking data which showed Mrs M receiving child benefit, supported the declared income of £1,517. Mrs M's credit report showed her mortgage repayments were £422. The mortgage was a joint mortgage and so it would be reasonable to allow for half this amount to be paid by Mrs M, although I note these payments aren't identified in her open banking data, and she didn't declare an amount in her application. Mrs M's repayments for her other credit commitments (hire purchase, loan credit card) were around £530. This would leave Mrs M with around £776 before the Lendable loan to cover her other living costs.

Mrs M said that her loan was for debt consolidation, and it appears she used the money to reduce her overdraft and credit card balances. While this may not have significantly reduced

her monthly outgoings for her credit commitments, it will have brought her accounts into a better position. So, based on the above, I do not find I have enough to say that the checks carried out by Lendable suggested the loan would be unaffordable for Mrs M. Therefore, I do not uphold this complaint.

I've also considered whether Lendable acted unfairly or unreasonably in some other way given what Mrs M has complained about, including whether its relationship with her 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 Lendable lent irresponsibly to Mrs M 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

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 10 October 2025.

Jane Archer
Ombudsman