

## The complaint

Mrs D complains that Tandem Personal Loans trading as Tandem irresponsibly lent to her.

## What happened

The facts of this case are familiar to both sides. With that being the case, I won't provide a detailed background here. Instead, I'll provide a brief summary.

Tandem provided Mrs D with a personal loan in January 2020. The loan was for £4,000 and it was due to be repaid through 48 monthly repayments of £133.34. The total amount to be repaid by the end of the loan term, including interest and fees, was £6,400.32.

In March 2025, Mrs D complained to Tandem about its decision to lend. In doing so, Mrs D said (amongst other things) that Tandem failed to conduct a *thorough affordability check to ensure [Mrs D] could sustainably repay the loan without experiencing financial hardship*.

Mrs D also said that the *terms of the loan, including the total amount repayable and potential consequences of non-payment were not clearly explained [to her] at the time of the agreement*.

Later that month, Tandem issued its final response in which it did not uphold the complaint. In doing so, Tandem said the checks it conducted prior to agreeing to lend were *thorough and satisfactorily suggested that [Mrs D] would have likely been able to sustainably afford the loan*. Therefore, it didn't think it had been wrong to lend.

Tandem also said that the terms of the agreement were *laid out in the signed credit agreement*. Therefore, it was satisfied Mrs D was *made aware of all the terms of the agreement prior to signing*. Unhappy with this, Mrs D referred her complaint to our service.

One of our investigators reviewed Mrs D's complaint and, having done so, issued their opinion in June 2025 in which they did not think Tandem had acted unfairly. In short, our investigator thought Tandem had carried out reasonable and proportionate checks prior to agreeing to lend, and the information it gathered from those checks did not suggest Mrs D was going to have difficulty sustainably repaying the lending.

Mrs D did not agree with our investigator and, as an agreement couldn't be reached, the complaint has been passed to me to review afresh.

## 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've reached the same conclusion as our investigator. I'll explain why I think this is a fair outcome in the circumstances.

However, before I do, I'm aware that I've summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I've got is incomplete, unclear or contradictory, I've based my decision on the balance of probabilities.

The Financial Ombudsman Service has set out its general approach to complaints about irresponsible and unaffordable lending on its website.

Tandem needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mrs D could repay the loan repayments when they fell due and without the need to borrow further. These checks weren't prescriptive, but could take into account a number of different things such as how much was being lent, the repayment amounts and the consumer's income and expenditure.

So, in keeping with the information on the Financial Ombudsman Service's website, I think there are a number of overarching questions I need to consider when deciding a fair and reasonable outcome given the circumstances of this complaint:

1. Did Tandem carry out reasonable and proportionate checks to satisfy itself that Mrs D was likely to have been able to repay the borrowing in a sustainable way?

i. If Tandem carried out such checks, did it lend to Mrs D responsibly using the information it had?

Or

ii. If Tandem didn't carry out such checks, would appropriate checks have demonstrated that Mrs D was unlikely to have been able to repay the borrowing in a sustainable way?

There are many factors that could be relevant when determining how detailed proportionate checks should have been. And while much will depend on the circumstances in question, the more obvious factors include – though aren't necessarily limited to:

- the type of credit Mrs D was applying for along with the size, length and cost of the borrowing; and
- Mrs D's financial circumstances – which included her financial history and outlook along with her situation as it was, including signs of vulnerability and/or financial difficulty.

And generally speaking, I think reasonable and proportionate checks ought to have been more thorough:

- the lower an applicant's income because it could be more difficult to make the repayments as a result;

- the higher the amount repayable because it could be more difficult to meet a higher repayment, especially from a lower level of income; and
- the longer the loan term, because the total cost of the credit was likely to have been greater given the longer time over which repayments have to be made.

As a result, the circumstances in which it was reasonable to conclude that a less detailed affordability assessment was proportionate strike me as being more likely to be limited to applicants whose financial situation was stable and whose borrowing was relatively insignificant and short-lived – especially in the early stages of a lending relationship.

#### Did Tandem carry out reasonable and proportionate checks?

Prior to agreeing to lend, Tandem called Mrs D to discuss her circumstances. Mrs D was asked to provide details of, amongst other things, her employment status and annual income. Mrs D declared she was in employment with a monthly income of £2,000. During this call, Mrs D also declared that the purpose of the loan was for debt consolidation and, specifically, she was seeking to consolidate two credit cards.

I note the application screenshot Tandem has provided records Mrs D's *annual* income as £2,000. I think this was a clerical error. I say this because, as part of its affordability assessment, Tandem proceeded on the basis that Mrs D's income was £2,000 per month and it cross-referenced this figure with a tool provided by a credit reference agency which suggested it was accurate. To this it added Child Benefit of £137.60. Therefore, Tandem calculated Mrs D's income was around £2,137.60 per month.

It is my understanding Tandem used data from the Office of National Statistics – which took into consideration expenses such as Council Tax, utilities, insurances, food and travel - to model Mrs D's living costs based on her circumstances. Having done so, it calculated Mrs D living expenses totalled £618.58.

Tandem was aware that Mrs D had a partner and, therefore, it split the household bills and mortgage payment in half – and it was that figure that was used in its affordability assessment. For clarity Tandem did not, quite rightly, include Mrs D's partner's income in its assessment.

Finally, Tandem considered the cost of Mrs D's other credit commitments (which I will deal with below) taken from her credit report.

Deducting all of this expenditure from Mrs D's income, Tandem calculated she had disposable income of around £1,100 each month to afford her monthly repayment of £133.34.

The monthly repayments were, in my view, not substantial in relation to Mrs D's declared (and verified) income. Further, this appears to have been Mrs D's first loan with Tandem. As such, I don't think there was any established pattern in her borrowing needs, at least from Tandem, at that stage. Therefore, looking at things in the round, I think Tandem proceeded with a proportionate amount of information.

However, once Tandem had the information it thought it needed, it then had to evaluate it because it still had to reasonably assess whether Mrs D could afford to meet the loan repayments in a sustainable way over the term of the loan.

#### Did Tandem lend to Mrs D responsibly using the information it had?

As I've said, the information Tandem gathered suggested Mrs D was left with £976.19 each month. So, Tandem was satisfied that the repayments for this loan should've been affordable for Mrs D on a simple pounds and pence basis and this was, in my view, a reasonable conclusion in the circumstances.

Of course, the loan payments being affordable on a pounds and pence basis might be an indication a consumer could sustainably make their repayments. But it doesn't automatically follow this is the case. This is because the relevant regulations define sustainable as being without undue difficulties and in particular the customer should be able to make repayments on time, while meeting other reasonable commitments; as well as without having to borrow to meet the repayments. And it follows that a lender should realise, or it ought fairly and reasonably to realise, that a borrower won't be able to make their repayments sustainably if they're unlikely to be able to make their repayments without borrowing further.

So, I've turned to look at the results from the credit check Tandem carried out.

The report shows Mrs D had experienced previous difficulties with credit. I say this noting that there was five defaults present on the report all of which were still showing as having a current balance, suggesting they had not yet been settled. However, I note the most recent default was applied around four years prior. With that being the case, I think these could reasonably be considered historic and Tandem would have reasonable grounds to conclude this was not representative of Mrs D's current financial situation.

As I've said, before agreeing to lend Tandem had a telephone conversation with Mrs D. During this call, Tandem asked Mrs D about the defaults. Mrs D said that the defaults had, as far as she was concerned, all been paid off. This ran contrary to the information on the credit file, but there was no indication in Mrs D's answer to suggest that the default balances remained outstanding because of any ongoing financial difficulties. Looking at things in the round, I don't think these (in my view, historic) defaults would have given Tandem cause for concern.

I also note there was a County Court Judgement (CCJ) applied around 18 months prior to the lending in question which remained unsettled. Tandem also asked Mrs D about this. Mrs D explained that this CCJ was settled a month after it was applied (i.e. around 17 months prior to the lending in question) and she was in the process of getting it removed from her records. Mrs D explained the CCJ stemmed from a dispute with a utilities company. Once again, I don't think there was anything in what Mrs D said which would give Tandem cause to make more searching enquiries about her financial situation or otherwise refuse to lend.

Finally, I note Mrs D took out a number of what appear to be short-term loans and home credit in around 2018. This is a potential indicator of an applicant experiencing financial hardship. But, noting the length of time that had passed since the last of these accounts was settled and the lending in question, I don't think this would have given Tandem cause for concern. I say this noting that there is no evidence of a current reliance on such lending.

There were no other obvious indicators of financial hardship in the rest of Mrs D's credit report. I say this noting that her total unsecured indebtedness was around £4,500 which, bearing in mind what Tandem understood to be Mrs D's income would not have been a cause for concern. What's more, it looked like Mrs D was managing her existing commitments well with no evidence of recent arrears or missed payments.

The credit report indicated Mrs D had a credit card, two current accounts and a telecommunication account all with a zero balance. In terms of active debt, Mrs D had a mortgage which was being well maintained and two credit cards with a combined balance of

£4,500 against a combined credit limit of £5,550. So it looked like Mrs D's overall revolving credit utilisation was around 81% which wouldn't, in isolation, be a cause of concern. What's more, Tandem understood that the purpose of the loan in question was to pay off these credit cards which, in the most part, it would do.

So, having carefully thought about everything, I don't think Tandem had cause to conclude from the information it gathered that Mrs D would have difficulty sustainably making the repayments towards this loan.

I accept that Mrs D's financial situation may have been worse than the information Tandem gathered at the time suggested. However, for the reasons I've explained, I think Tandem carried out proportionate checks and, in my view, it made a fair lending decision based on the information it did have.

#### Did Tandem act unfairly or unreasonably in some other way?

In her complaint to Tandem, Mrs D also said that the *terms of the loan, including the total amount repayable and potential consequences of non-payment were not clearly explained [to her] at the time of the agreement.*

I have reviewed the credit agreement, which Mrs D electronically signed, and having done so I'm satisfied the terms of the agreement, including the monthly repayments, the amount of interest charged, and the total amount payable were clearly set out.

Further, I can see on page two of the credit agreement a section titled *Missing Payments Warning* which sets out the possible consequences of missed payments, including default charges and potential legal proceedings. So, I can't reasonably say that Mrs D was not made aware of the potential consequences of non-payment.

In reaching my conclusion, I've also considered whether Tandem acted unfairly or unreasonably in some other way given what Mrs D has complained about, including whether their relationship with her might have been viewed as unfair by a court under s.140A Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think Tandem lent irresponsibly to Mrs D or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

So overall and having considered everything, I don't think that Tandem treated Mrs D unfairly or unreasonably when providing her with this loan. Therefore, whilst I appreciate this will be very disappointing for Mrs D, I'm not upholding her complaint.

#### **My final decision**

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 25 November 2025.

Ross Phillips  
**Ombudsman**