

The complaint

Miss K has complained that Lendable Ltd unfairly provided her with three loans.

What happened

Miss K entered into loan agreements with Lendable as shown below:

Loan 1

Date	Amount of credit	Term	Monthly payment	Total repayable
27 December 2020	£1,000	24 months	£49.78	£1,190.21

Loan 2

Date	Amount of credit	Term	Monthly payment	Total repayable
27 July 2021	£3,000	24 months	£171.42	£3,723.82

Loan 3

Date	Amount of credit	Term	Monthly payment	Total repayable
17 November 2023	£1,000	12 months	£102.61	£1,231.52

In July 2024, Miss K complained to Lendable about the loans it had given her. In the complaint, Miss K said she didn't think Lendable had lent responsibly to her. She felt it had failed to undertake a reasonable assessment of her creditworthiness at the time of the lending. She's said had Lendable completed the appropriate checks it would have found the lending was unaffordable.

Lendable looked into Miss K's complaint and issued a final response letter explaining it believed it had acted fairly in providing the credit. Lendable provided a summary of the checks it had conducted and felt the agreements were affordable for Miss K. It said it had confirmed the agreement was affordable by checking the information the credit reference agencies held about her, asking her about her income and expenditure, and confirming this through the credit reference agencies.

Miss K didn't accept Lendable's response, so she referred her complaint to our service. One of our investigators looked into it, and based on the evidence available, whilst he couldn't reasonably conclude that the lending for loans 1 and 2 was irresponsible, he did agree that the lending decision for the third loan was unfair.

Lendable accepted the investigators view and Miss K accepted what the investigator had said about loan 3 but she disputed what he said about loans 1 and 2. So, as there was no agreement, the complaint has been passed to me for 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.

As the parties are in agreement in relation to loan 3, my decision will focus mainly on loans 1 and 2.

I think there are key questions I need to consider in order to decide what is fair and reasonable in this case:

- Did Lendable carry out reasonable and proportionate checks to satisfy itself that Miss K was able to sustainably repay the credit?
- If not, what would reasonable and proportionate checks have shown at the time?
- Did Lendable make a fair lending decision?
- Did Lendable act unfairly or unreasonably towards Miss K in some other way?

Lendable had to carry out reasonable and proportionate checks to satisfy itself that Miss K would be able to repay the credit sustainably. It's not just about Lendable assessing the likelihood of Miss K being able to repay the credit, but it had to consider the impact of the repayments on her.

There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments and the cost of the credit.

Before lending to Miss K, Lendable asked her questions to get an understanding of her financial circumstances. It's said for loans 1 and 2 she declared an income of £2,343 a month. They verified this using the credit reference agencies (CRA) who confirmed Miss K's income was consistent with the information she had provided. Lendable has said it focussed its expenditure checks on ensuring Miss K had enough disposable income after paying for her existing credit and the loan to meet essential living costs and non-discretionary expenses. For loan 1 lendable calculated that including this loan Miss K was spending around 18% of her income on debt (taking into account the savings she would make from the debt consolidation). For loan 2 Lendable calculated that Miss K was spending around 20% of her income on debt repayments including this loan. This led it to conclude that Miss K had enough disposable income, after accounting for the loans, to meet any essential commitments, which I don't think was unreasonable.

Lendable has also explained that it carried out a full credit search to get an understanding of Miss K's situation before it decided to lend. It said this revealed she had no recent defaults, debt management plans, County Court Judgements, bankruptcies, or IVAs. It noted that at the time of the first loan, Miss K had previously had some arrears on a credit account and a communications agreement. But it found that this had happened over a year before and both accounts had been settled and closed before this application. At the time of the second lending decision Miss K was up to date on all of her accounts and there had been no further adverse information recorded on her credit file.

The credit file showed one revolving credit account with a relatively low limit of £200 and a hire purchase agreement for around £10,000. So, there was nothing to suggest here that Miss K was over reliant on credit or struggling to manage her finances at the time of the first

loan. By the second loan although Miss K was close to the limit of £200 on her credit card, the repayments to this were around £10 a month and she had reduced her overall indebtedness. This suggests that she was in control of her finances and managing them relatively well at that time.

Miss K has said at the time of the lending she had recently had a baby and because she was self-employed this meant her income dropped dramatically. However, I must consider that she didn't make Lendable aware of her self-employed status or that she was likely to have a drop in income. There was nothing to suggest that this was the case from the information provided by Miss K during any of the loan applications and I can't see that for loans 1 and 2 this should have been apparent to Lendable.

Miss K has also said that the second loan was used in part to refinance the first loan, and this should have been a red flag to Lendable, but I don't agree. Repeated refinancing can be a sign of financial difficulty. But, it's also a legitimate use of lending and Miss K hadn't shown any signs of difficulty in repaying the first loan. Given the other information that Lendable had found when it completed its checks, I don't think the refinancing alone meant there was a need for it to complete further checks or refuse to lend.

So, in summary, I've carefully considered the information that was available to Lendable at the time it made its first two lending decisions. But I haven't seen anything that persuades me it ought to have done further checks before lending to Miss K. And I'm not satisfied that it should have known she wouldn't be able to sustainably repay the loans from the information available to it.

On the evidence available, I'm persuaded the checks Lendable completed for loans 1 and 2 were reasonable and proportionate to the credit it went on to approve. And I'm satisfied the decisions to approve the loans were reasonable based on the information Lendable gathered about Miss K's circumstances. I'm very sorry to disappoint Miss K but overall, I'm not persuaded that Lendable created unfairness in its relationship with her as a result of its decision to lend in relation to loans 1 and 2.

Having reviewed the information available for loan 3 I agree that Lendable made an unfair lending decision here. I think the checks it completed were proportionate, but I don't think it fairly considered the information that was available to it.

It's clear by the third loan that Miss K's financial position had deteriorated. Although her account was up to date at the time of the lending, she had recently missed payments to her hire purchase agreement. Further to this her credit card debt had increased and she was currently over her limit. So, it was right for Lendable to ask for Miss K's statements. However, I can't see that Lendable reviewed these sufficiently. Had it done so it would have seen that Miss K had only just taken out a further loan with another provider for £5,000. And I think repayments to this and the third loan from Lendable would have likely reduced Miss K's disposable income to an unsustainable amount.

Given this I'm satisfied that Lendable had enough information to know that the third loan would likely be unaffordable for Miss K. So, I don't think it made a fair decision to lend here.

Putting things right

When I find that a business has done something wrong, I'd normally direct that business to put the complainant in the position they would be in now if the mistake it made hadn't happened, as far as is reasonably practical.

In this case, that would mean putting Miss K in the position she would be in now if she hadn't been given the third loan. But Miss K was given the loan, used the money and has already repaid the entire amount including interest due under the agreements. While I think it is fair for Miss K to repay the money she borrowed, I don't think she should be disadvantaged by Lendable's decision to lend.

So, I think Lendable should:

- Calculate the total amount Miss K received from Lendable in relation to loan 3 and deduct from that figure the repayments she's made to the loan.
- If this results in Miss K having repaid more than she received, any overpayments should be refunded to her. Interest at a rate of 8% simple per year should be added to any overpayments from the date they were made until the date of settlement*.
- Remove any negative information recorded on Miss K's credit file regarding the third loan.

*If Lendable considers that it's required by HM Revenue & Customs (HMRC) to deduct income tax from that interest, it should tell Miss K how much it's taken off. It should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax from HMRC if appropriate.

My final decision

My final decision is that I uphold this complaint in part as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 15 December 2025.

Charlotte Roberts
Ombudsman