

Complaint

Mr W has complained about a loan Admiral Financial Services Limited (“Admiral”) provided to him. He says that the repayments to the loan were not affordable and so it was irresponsibly provided to him.

Background

Admiral provided Mr W with a loan for £3,000.00 in July 2022. The total amount to be repaid of £7,852.30, which included interest, fees and charges of £3,406.32, was due to be repaid in 24 monthly instalments of around £141.93.

One of our investigators reviewed what Mr W and Admiral had told us. And he thought that Admiral hadn’t done anything wrong or treated Mr W unfairly. So he didn’t recommend that Mr W’s complaint be upheld. Mr W disagreed and asked for an ombudsman to look at his complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr W’s complaint.

Having carefully considered everything, I’m not upholding Mr W’s complaint. I’ll explain why in a little more detail.

Admiral needed to take reasonable steps to ensure that it didn’t lend irresponsibly. In practice, what this means is that Admiral needed to carry out proportionate checks to be able to understand whether Mr W could afford to make his repayments before providing this loan.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to provide loans to a customer irresponsibly.

Admiral says it approved Mr W’s application after he provided details of his monthly income and some information on his expenditure. It says it cross-checked this against information on the amount of funds going into Mr W’s main bank account and a credit search it carried out which showed Mr W’s existing commitments were relatively well maintained at the time – insofar as it showed no recent adverse data.

In Admiral's view all of the information it gathered showed that Mr W could afford to make the repayments he was committing to. On the other hand, Mr W has said he was already in difficulty and couldn't afford this loan.

I've carefully thought about what Mr W and Admiral have said.

As Admiral asked Mr W about his income and expenditure and also carried out a credit check, it's clear that Admiral did obtain a reasonable amount of information before it decided to proceed with Mr W's application.

Having looked at the credit check, it's clear that Mr W had some existing debts. However, while I accept that Mr W might not agree with this, I don't think that these were excessive in comparison to his income. And importantly there wasn't anything obvious – such as significant adverse credit markers – such as defaulted accounts or county court judgments (“CCJ”) showing on this.

It's also worth noting that the information from the time shows that Mr W said he was going to use the funds from this loan to consolidate some of his existing debts. I don't know whether Mr W did use the funds for the purpose he stated. However, Admiral would only have been able to make a reasonable decision based on the information it had available at the time.

It won't have known whether Mr W would clear his existing debts – all it could do was take reasonable steps and rely on assurances from Mr W that the balances would be repaid with these funds. So I'm satisfied that the proceeds of this loan could and should have been used to clear some of Mr W's debts too. I'd also add that I don't agree that Mr W applying for a consolidation loan in itself shows that Mr W was struggling – particularly as there wasn't anything else in the information to support this.

Finally, as this was a first loan Admiral was providing to Mr W, there wasn't a history of Mr W obtaining funds and then failing to consolidate debts elsewhere in the way he committed to either. So Admiral was reasonably entitled to believe that Mr W would be left in a better position after being provided with this loan.

Given the circumstances, I'd expect Admiral to have had a reasonable idea of Mr W's income and committed non-discretionary spending, which it did here, rather than a complete review of Mr W's finances. Furthermore, Mr W hasn't provided anything which clearly demonstrates further checks would have shown the loan payments were clearly unaffordable either – particularly if he'd reduced his indebtedness elsewhere in the way that he'd committed to.

In reaching my conclusions, I've also considered whether the lending relationship between Admiral and Mr W might have been unfair to Mr W under section 140A of the Consumer Credit Act 1974 (“CCA”).

However, for the reasons I've explained, I don't think Admiral irresponsibly lent to Mr W or otherwise treated him unfairly. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

So overall and having considered everything, I'm satisfied that Admiral didn't treat Mr W unfairly or unreasonably when lending to him. And I'm not upholding Mr W's complaint. I appreciate this is likely to be very disappointing for Mr W. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 10 November 2025.

Jeshen Narayanan
Ombudsman