

Complaint

Miss C has complained about a credit card and subsequent limit increases that Lendable Ltd (trading as “Zable”) provided to her. She says that her credit limit increases were irresponsibly provided.

Background

Zable provided Miss C with a credit card, which had a credit limit of £500, in February 2022. Miss C was then offered a credit limit increase to £800 in August 2022 and then a final limit increase to £1,200.00 in October 2023.

One of our investigators reviewed what Miss C and Zable had told us. And she thought Zable hadn’t done anything wrong or treated Miss C unfairly in relation to providing the card or increasing the credit limit. So she didn’t recommend that Miss C’s complaint be upheld.

Miss C disagreed and asked for an ombudsman to look at the 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 Miss C’s complaint.

Having carefully considered everything, I’ve decided not to uphold Miss C’s complaint. I’ll explain why in a little more detail.

Zable needed to make sure it didn’t lend irresponsibly. In practice, what this means is Zable needed to carry out proportionate checks to be able to understand whether Miss C could afford to repay any credit it provided.

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 lend to a customer irresponsibly.

Zable says it offered the credit limit increases due to Miss C’s account being relatively well managed and after it carried out credit searches. In its view the information obtained would have indicated that Miss C would be able to make the low monthly repayments due for these limit increases.

On the other hand, Miss C says that she shouldn't have been lent to.

I've considered what the parties have said.

What's important to note is that Miss C was provided with a revolving credit facility rather than a loan. This means that Zable was required to understand whether credit limits of £500, £800 and £1,200.00 could be repaid within a reasonable period of time, rather than all in one go. And it's fair to say that credit limits of £500, £800 and £1,200.00 didn't require especially large monthly payments in order to clear the full amount owed within a reasonable period of time.

I've seen the information that Zable obtained from Miss C about her income and what was on the credit search carried out. Zable says that Miss C declared receiving around £1,600.00 a month. Zable's credit checks show that Miss C didn't have any significant adverse information – such as defaulted accounts or county court judgments ("CCJ") – recorded against her at this time.

So there was nothing that was inconsistent or difficult to explain in this information or any other reason to indicate that the repayments required to clear £500 within a reasonable period of time were likely to be unaffordable for Miss C. As this is the case, I'm satisfied that the checks carried out before Miss C was provided with the credit card were reasonable and proportionate. And as the information gathered suggested that the monthly payments were affordable, I don't think that Zable acted unfairly when opening Miss C's account with a credit limit of £500.

At the time of the credit limit increases, Zable's credit checks did not show any defaulted accounts or CCJs recorded against Miss C at this stage either. It also appears as though Zable relied on Miss C's account having been managed well in the months after the card was provided. In the first instance I should make it clear that it isn't immediately apparent to me how it is automatically the case that a borrower can afford a higher amount of credit simply because they might not have defaulted on a lower amount.

It seems to me that this logic would suggest that credit limit increases should continue to be granted until after a customer has struggled to make repayments – even though the regulations require a lender to carry out reasonable enquiries to ensure that this doesn't happen.

In any event, having reviewed the information Miss C has provided, I'm satisfied that Zable carrying out even more checks, which at the absolute maximum would have consisted of asking Miss C about her living expenses rather than relying on estimates of this, would, in any event, have led to Zable making a different decision to provide these limit increases.

I say this because the information provided doesn't clearly show that Miss C's monthly committed living costs were substantially higher than the combination of declared information and statistical data which Zable used. Therefore, I'm not persuaded that the information Miss C has provided shows that the credit limit increases were unaffordable for her at the time they were offered.

I know that Miss C says her position was worse than what the information Zable obtained showed and I know that Miss C sought to enter a debt management plan in 2025. I'm sorry to hear about this and the fact that Miss C has had difficulty making her payments. However, I don't think that Zable could possibly have known this would happen at the time of its lending decisions. And bearing in mind that the information from the time suggests that Miss C would most likely be able to make her repayments to the credit card and the limit increases, I don't think that it was unfair for it to lend in this instance.

In reaching my conclusions, I've also considered whether the lending relationship between Zable and Miss C might have been unfair to Miss C under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that Zable irresponsibly lent to Miss C or otherwise treated her unfairly in relation to this matter. 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 don't think that Zable treated Miss C unfairly or unreasonably either when providing the credit card or increasing its limit. And I'm not upholding this complaint. I appreciate this will be very disappointing for Miss C. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Miss C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 4 August 2025.

Jeshen Narayanan
Ombudsman