

## **Complaint**

Ms I has complained about a loan Lendable Ltd (“Lendable”) provided to her. She says that the loan was unaffordable given her circumstances at the time.

## **Background**

Lendable provided Ms I with a loan for £10,000.00 in January 2022. It had an APR of 10.55% and a 60-month term. This meant that the total amount to be repaid of £12,767.58, which included interest, fees and other charges of £2,767.58 was due to be repaid in 59 monthly instalments of £212.81 followed by a final instalment of £211.79.

One of our investigators reviewed what Ms I and Lendable had told us. And she thought that Lendable hadn’t acted unfairly or lent irresponsibly. So she didn’t uphold Ms I’s complaint.

Ms I disagreed and asked for an ombudsman to look at her 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 Ms I’s complaint.

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

Lendable needed to take reasonable steps to ensure that it didn’t lend irresponsibly. In practice, what this means is that Lendable needed to carry out proportionate checks to be able to understand whether Ms I could afford to make her 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.

Lendable says it approved Ms I’s application after she provided details of her monthly income and some information on her expenditure. It says it cross-checked this against statistical data and information on a credit search it carried out which showed Ms I’s existing commitments were relatively well maintained at the time.

In Lendable's view all of the information it gathered showed that Ms I could afford to make the repayments she was committing to. On the other hand, Ms I has said she already had significant debts and was reliant on her overdraft so she couldn't afford this loan.

I've carefully thought about what Ms I and Lendable have said.

As Lendable asked Ms I about her income and expenditure and also carried out a credit check, it's clear that Lendable did obtain a reasonable amount of information before it decided to proceed with Ms I's application. Having looked at the credit check, it's clear Ms I had some existing debts.

However, while I accept that Ms I might not agree with this, I don't think that these were excessive. This is especially as the information from the time shows that Ms I's selected loan purpose was consolidation of her existing debts.

I don't know whether Ms I did go on to consolidate her other debts with the proceeds of this loan. In any event, Lendable won't have known whether Ms I would actually pay off her existing balances – all it could do was take reasonable steps and rely on assurances from Ms I that this would be done. And I'm satisfied that the proceeds of this loan could and should have been used to clear a significant proportion of the existing debt that Ms I had and which she is now arguing meant that she shouldn't have been provided with this loan.

There is an argument to say that, at the absolute most, Lendable ought to have found out more about Ms I's actual regular living expenses, rather than relying on statistical data, bearing in mind the monthly payment and the term of this loan.

Where a firm failed to carry out reasonable and proportionate checks before providing credit to a customer, I need to recreate reasonable and proportionate checks in order to get an indication of what such checks would more likely than not have shown. So I've looked at the information Ms I has provided to get an idea of what Lendable is likely to have learned if it had found out more about Ms I's actual regular living expenses.

In particular, I've looked at Ms I's Lendable current account statements in period leading up to the loan application. However, I don't think that Lendable needed to analyse Ms I's bank statements simply because she was an existing customer. It just needed to get an idea of Ms I regular living costs and contracted monthly expenditure.

Furthermore, the statements provided do appear to show that when Ms I's regular living costs and monthly expenditure are deducted from what she received, Ms I does appear to have enough in funds left over to make the repayments this loan. This is even more the case when the payments to the debts which were expected to have been consolidated are removed from Ms I's expenditure.

As this is the case, I don't think that Lendable did anything wrong when providing this loan to Ms I - it is arguable that it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable. But even if Lendable had asked Ms I for more information about her regular living costs and contractually committed expenditure here this wouldn't have made a difference to its decision to lend.

In my view, this would have simply reinforced the notion that if Ms I did go on to repay her existing debts with the proceeds from this loan (which was provided at a much lower rate of interest) in the way that she said she would, she would have been in a significantly better financial position. And I can't hold Lendable responsible for the fact that Ms I may have gone on to re-establish balances on any revolving credit accounts either.

In reaching my conclusions, I've also considered whether the lending relationship between Lendable and Ms I might have been unfair to Ms I under s140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Lendable irresponsibly lent to Ms I or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that s140A 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 Lendable didn't treat Ms I unfairly or unreasonably when lending to her. And I'm not upholding Ms I's complaint. I appreciate this is likely to be very disappointing for Ms I. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

Although I'm not upholding Ms I's complaint, I would remind Lendable of its obligation to exercise forbearance and due consideration given what Ms I has said about her financial situation during the course of this complaint and it be the case that she experiences difficulty making her payments going forward.

I would also encourage Ms I to get in contact with and co-operate with any steps that may be needed to review what, if anything, she might be able to repay going forward should she be having difficulty. Ms I may be able to complain to us – subject to any jurisdiction concerns – should he be unhappy with Lendable's actions in relation to exercising forbearance over the remainder of the term.

### **My final decision**

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

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

Jeshen Narayanan  
**Ombudsman**