

## **The complaint**

Mr S complains Admiral Financial Services Limited trading as Admiral Money lent to him unfairly. He's also unhappy that they've refused to refund the payments he made towards the loan, despite agreeing to write-off his outstanding balance.

## **What happened**

Admiral Money approved Mr S' application for a £10,000 loan in January 2023. It had an APR of 9.1% and a 48-month term. This meant the total amount to be repaid was £11,885.76, which included interest, fees, and other charges of £1,885.76. Mr S' agreement set out the 48 monthly instalments were £247.62.

Mr S complains Admiral Money failed to carry out sufficient checks before lending to him. And had there been more checks, he says they would have realised the loan shouldn't have been approved because he didn't have capacity at the time. And while Mr S' outstanding balance was written off in February 2025, he's also unhappy the payments he made towards the loan weren't refunded. He explained he felt they should have been refunded because he considers the loan agreement was void due to his lack of capacity when taking out the loan.

Admiral Money investigated Mr S' concerns and issued their final response in March 2025, not upholding the complaint. They explained their checks suggested the loan was affordable and sustainable. Admiral Money also said that at the time of Mr S' loan application, they weren't aware of his personal circumstances regarding his mental health – nor could they have foreseen the changes that occurred since. Mr S remained unhappy and brought his complaint to our service.

Our Investigator didn't think Mr S' complaint should be upheld. She explained that when we consider borrowing was given irresponsibly, we'd normally ask a business to refund interest and charges. But as Mr S' outstanding balance had been written off, Admiral Money's redress totalled more than this. Therefore, she didn't think she needed to make a finding on their lending decision and wouldn't be asking them to increase their award.

Mr S disagreed with our Investigator and reiterated the resolution was unfair because he believed his loan agreement wasn't valid. Our Investigator wasn't persuaded to change her mind, so Mr S' complaint was passed to me for a decision.

I issued my provisional decision on 9 July 2025. In this I explained I didn't think Mr S' complaint should be upheld because I didn't agree reasonable and proportionate checks would have warranted Admiral Money to ask specific questions about Mr S' health as he'd suggested should have happened. Therefore, they didn't have the opportunity to find out he needed support when making important decisions at the time he applied for the loan.

Both parties had until 23 July 2025 to send me any further points or evidence for me to consider before I reached my final decision. Admiral Money accepted my provisional decision, and Mr S disagreed with it. The points he raised were the same as those he had already presented to our service, so I've not been persuaded to change my 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.

Having considered everything, I'm not upholding Mr S' complaint. I'll explain my reasoning below.

I want to start by assuring Mr S I have read and considered all the points and information he's provided to us. While I acknowledge his strength of feeling on the matter and the points on which he'd like us to make a finding, I do need to manage his expectations and reaffirm the extent of our powers.

We are an informal alternative to the Courts. As such, we do not have the power to make findings on whether Admiral Money have breached the Equality Act 2010 or the Consumer Credit Act 1974. Our role is to decide how a complaint should be resolved, and we do so on a fair and reasonable basis - for both parties to the complaint as we don't work on behalf of consumers or businesses. And when doing so, we take relevant legislation, guidance, and good industry practice into account. So, this is what I've done when investigating Mr S' complaint.

Mr S has also reiterated that he wants me to make a finding on the validity of his loan agreement due to his vulnerability and lack of legal capacity when the loan was taken out. But for the same reasons I've set out above, those aren't issues I have the power to make a finding on. So, as I did in my provisional decision, I've decided what I consider to be fair and reasonable in all the circumstances of this complaint. And while I don't agree with the way Mr S thinks his complaint should be upheld, it doesn't mean I haven't thoroughly considered his points and relevant legislation and regulations.

### Should Admiral Money have approved Mr S' application for a loan?

Following my provisional decision, Mr S said this isn't an affordability complaint. However, when deciding if Admiral acted responsibly when they lent to him, our approach is still relevant to determine what they ought to have known at the time – and how that information should have influenced their decision to lend. It's also been relevant and necessary for me to comment on given Mr S' own testimony to our service regarding the checks he says Admiral Money should have carried out.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. This is something Admiral Money is familiar with, and I've used this approach to help me decide Mr S' complaint.

Admiral Money needed to make sure it didn't lend irresponsibly. In practice, this means they needed to carry out reasonable and proportionate checks so they could understand whether Mr S could afford to repay what he owed in a sustainable manner. This is sometimes referred to as an "affordability assessment" or "affordability check".

The checks needed to be borrower focused – meaning Admiral Money had to consider if repaying the credit sustainably and within a reasonable period of time would cause difficulties or adverse consequences for Mr S. It wasn't enough for Admiral Money to consider the likelihood of getting their funds back – they had to consider the impact of the repayments on Mr S.

Checks also needed to be proportionate to the specific circumstances of the lending. There isn't a specific list of what constitutes proportionate affordability checks – rather it will depend

on several factors, but not limited to, the particular circumstances of the consumer, and the amount/type/cost of credit they were seeking. And generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information they gather and what they do to verify it – in the early stages of a lending relationship. So, I've kept all this in mind when thinking about whether Admiral Money did what they needed to before lending to Mr S.

Admiral Money say Mr S applied for the loan online, and they approved the lending after he shared details of his monthly income and some information regarding his expenditure. This was considered alongside statistical data and information they gathered from credit reference agencies (CRAs).

I've reviewed the information Admiral Money considered during the application process and can see Mr S declared he had an annual income of £38,000, meaning his monthly income was just under £2,500. And regarding his expenditure towards his pension, mortgage, existing debt, and living expenses, Admiral Money's checks came to a total of £1,364.41. So, when the monthly loan repayment of £247.62 was added to this, Mr S was left with a monthly disposable income of around £876. Because of this, Admiral Money felt the lending was affordable.

The credit checks carried out didn't show any recent negative markers, nor did they indicate a reliance on credit. Rather, Mr S had modest credit limits on the overdraft and credit card being reported and he wasn't using the majority of those limits either. So, I agree Admiral Money's checks didn't indicate any concerns with the way Mr S had been managing his accounts.

Mr S has suggested Admiral Money should have also checked if he was vulnerable, and had they done so, they would have identified his carer needed to be present when he was making important decisions. I can understand why Mr S thinks this would have been appropriate given his personal circumstances. However, I don't agree it would have been reasonable and proportionate for the checks to probe into his personal and health circumstances in this way. That's because the evidence I've been provided suggests Mr S' 2023 application was the start of his lending relationship with Admiral Money. And as mentioned above, in such scenarios we would generally consider the checks to be somewhat less thorough at that stage. Furthermore, I can't agree the rules regarding lending specifically set out that Admiral Money were obligated to explicitly ask Mr H about his mental health, or overall health during the application process.

As detailed above, I'm persuaded Admiral Money's checks didn't suggest the loan would be unaffordable or there were issues with the way Mr S was managing his existing accounts. But given the amount Mr S wanted to borrow, and the term on the loan, it could be argued Admiral Money should have gathered more information about Mr S' actual regular living expenses instead of relying on statistical data.

Ordinarily, to determine what those further checks would have established, I would have considered his statements for the three months prior to the lending. And if the information in those statements suggested the loan was unaffordable or unsustainable, I would have asked Admiral Money to refund the interest and charges applied. That's because we need to be fair to both parties to a complaint. As such, the lender can't benefit from their mistake by receiving payment for interest and charges, and the customer is expected to repay the funds they borrowed and spent.

In this case, the interest and charges added to Mr S' loan totalled £1,885.76. But when Mr S explained he was in financial difficulties and provided supporting evidence, Admiral Money wrote off his outstanding balance of just over £6,000 – which is more than the interest and

charges applied to the borrowing. So, reviewing his statements wouldn't have resulted in a greater award.

While I don't think a further award would be fair, I want to assure Mr S that I've thought about whether anything else could have reasonably alerted Admiral Money to his vulnerability before he was given the loan. The evidence suggests there was limited communication between the parties before Mr S was given the loan. But I have listened to a recording of a phone call between Mr S and Admiral Money from that time. Here, Mr S called Admiral Money to ask when the loan funds would be received, and he said he needed them for a car he wanted to buy - and he didn't want to lose it. I didn't hear anything in this call that ought to have prompted Admiral Money's adviser to ask more questions about the purpose of the loan - nor did I hear anything obvious that ought to have indicated Mr S needed support before they could be certain it was appropriate to release the funds to him. Mr S' testimony and evidence regarding his mental health at the time of the application has been consistent. So, I can appreciate why he's disappointed and frustrated more wasn't done to prevent him from taking out this borrowing. But I just haven't seen enough to persuade me Admiral Money would have been able to establish the difficult circumstances he was navigating at that time and the support he needed when making important decisions.

As mentioned above, I'm not persuaded it would have been reasonable for Admiral Money to ask specific questions about Mr S' health during the application. And I've not seen evidence suggesting they reasonably could have been aware he needed support when making important decisions. Therefore, I don't consider it would be fair and reasonable to depart from our usual approach to complaints about responsible lending. As Mr S spent the funds he borrowed, and I must be fair to both parties to this complaint, I won't be asking Admiral Money to refund the repayments Mr S made towards his loan.

In Mr S' response to my provisional decision, he said he lacked capacity at the time the loan was taken out because he was under psychiatric care, heavy medication, and s.117 (of the Mental Health Act 1983) aftercare, and as such he wanted me to make a finding that his loan agreement wasn't valid. However, as I mentioned at the start of my final decision, I do not have the power to make a finding on his capacity at the time of his application nor the legality of his loan agreement. But I hope he can see that I haven't disagreed with, nor have I questioned the accuracy of his testimony and evidence regarding his vulnerability in 2021 when the loan was taken out. What I have done is considered his evidence, alongside Admiral's, and that is how I've reached what I consider to be a fair outcome for him and Admiral Money.

#### Level of customer service provided by Admiral Money

Mr S is unhappy with the level of customer service provided by Admiral Money once they were aware of his financial difficulties and the impact his mental health conditions were having on him.

Mr S has helpfully provided us with copies of his correspondence with Admiral Money, and Admiral Money have also done the same. So, I've been able to establish a picture of what happened when Mr S proactively contacted Admiral Money about his financial difficulties.

Having reviewed everything we've been provided; I'm satisfied Admiral Money engaged with Mr S as I'd expect. They set out the options of support available, engaged with the debt charity he was working with, agreed the debt management plan put forward, and when Mr S asked to have his loan written off; they explained what information they needed from him.

Admiral Money generally responded to Mr S' correspondence in a timely manner, and within the timeframes we'd expect. I note Mr S is unhappy Admiral Money had eight weeks to

respond to his complaint, but this is the time they're allowed under the rules set by the Financial Conduct Authority. So, they've not treated him unfairly by investigating his concerns within that timeframe. I did see there was a slight delay in confirming to Mr S his outstanding balance had been written off, and this would have added to his concerns about repaying what he owed. But when I take everything into consideration, I'm not persuaded an additional award is warranted here. That's because Admiral Money confirmed the write off had been approved eight days after Mr S asked for an update – and this answer was shared within four weeks of Mr S sending them his supporting evidence.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Admiral Money lent irresponsibly to Mr S or otherwise treated him unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I know this isn't the outcome Mr S hoped for. But for the reasons above, I'm not asking Admiral Money to do anything to put things right.

### **My final decision**

My final decision is that I'm not upholding Mr S' complaint about Admiral Financial Services Limited trading as Admiral Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 August 2025.

Sarrah Turay  
**Ombudsman**