

The complaint

Mr T says Lendable Ltd irresponsibly lent to him.

What happened

Mr T took out a loan for £2,000 over 36 months from Lendable on 12 December 2023. The monthly repayments were £96.74.

Mr T says Lendable ought not to have lent to him, had it reviewed his bank statements more carefully it would have seen he was gambling and could not afford this loan.

Lendable said its checks showed Mr T could afford the loan. It acknowledged the presence of gambling transactions in the open banking data it saw, but said it respects the freedom of customers to decide how they spend their money.

Our investigator upheld Mr T's complaint. He said better checks would have shown that Mr T was already struggling to manage his money. He said Lendable should refund all interest and charges and Mr T need only repay the capital he received.

Lendable accepted this assessment. Mr T did in part, but also wants £750 compensation to recognise the distress he has suffered over the last two years as a result of this loan.

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.

I've also had regard to the regulator's rules and guidance on responsible lending (set out in its consumer credit handbook – CONC) which lenders, such as Lendable, need to abide by. Lendable will be aware of these, and our approach to this type of lending is set out on our website, so I won't refer to the regulations in detail here but will summarise them.

Before entering into a credit agreement, Lendable needed to check that Mr T could afford to meet his repayments out of his usual means for the term of the loan, without having to borrow further and without experiencing financial difficulty or other adverse consequences.

The checks Lendable carried out needed to be proportionate to the nature of the credit (the amount borrowed or the term, for example) and to Mr T's particular circumstances. The overarching requirement was that Lendable needed to pay due regard to Mr T's interests and treat him fairly.

As both parties agreed with the investigator that the lending decision was wrong, I need not comment further on that. What remains in dispute is what is the fair way to settle Mr T's complaint.

Mr T asks for compensation for the distress he has suffered over the last two years. He says the current settlement takes Lendable back to the same position it was in prior to any loan being agreed. There is no punishment, no penalty and no justice for incompetence.

But the settlement is line with our approach to irresponsible lending complaints. And I have no grounds to deviate from it here. Our role is not to punish lenders or issue penalties. I understand Mr T feels Lendable caused him significant stress over a two-year period but from what I have seen he was already under financial strain when he applied. As he has said his gambling was problematic and he had recent arrears on two credit accounts, one of which was overlimit. So, I cannot fairly say this loan was the only, or even the main, contributor to Mr T's stresses.

I am sorry he struggled in this way and I hope he now has the support he needs. If not, he could contact StepChange on 0800 138 1111 or National Debtline on 0808 808 4000 for advice about financial difficulties. And if gambling is still problematic for him he could contact GamCare on 0808 802 0133.

Putting things right

Lendable should now:

Add up the total repayments Mr T has made and deduct these from the total amount of money he received.

a) If this results in Mr T having paid more than he received, any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement).^{*} Lendable should also remove all adverse information regarding this account from Mr T's credit file.

b) If any capital balance remains outstanding, then Lendable should try to arrange an affordable payment plan with Mr T. Once Mr T has cleared the balance, any adverse information in relation to the account should be removed from his credit file.

^{*}HM Revenue & Customs requires Lendable to take off tax from this interest. Lendable must give Mr T a certificate showing how much tax it's taken off if he asks for one.

I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed above results in fair compensation for Mr T in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

My final decision

I am upholding Mr T's complaint. Lendable Ltd must put thing right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 8 September 2025.

Rebecca Connelley
Ombudsman