

Complaint

Miss F has complained about a loan Admiral Financial Services Limited (“Admiral FS”) provided to her. She says that the loan was unaffordable given her circumstances at the time.

Background

Admiral FS provided Miss F with a loan for £20,000.00 in November 2021. It had an APR of 15.9% and a 48-month term. This meant that the loan was due to be repaid in 48 instalments of £557.91.

One of our investigators reviewed what Miss F and Admiral FS had told us. And she thought that Admiral FS hadn’t lent irresponsibly. So she didn’t uphold Miss F’s complaint.

Miss F 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 Miss F’s complaint.

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

Admiral FS needed to take reasonable steps to ensure that it didn’t lend irresponsibly. In practice, what this means is that Admiral FS needed to carry out proportionate checks to be able to understand whether Miss F 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.

Admiral FS says it approved Miss F’s application after she provided details of her monthly income, which it crossed checked against information from credit reference agencies 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 Miss F's existing commitments were relatively well maintained at the time.

In Admiral FS' view all of the information it gathered showed that Miss F could afford to make the repayments she was committing to. On the other hand, Miss F has said she already had a lot of debt and so she couldn't afford this loan.

I've carefully thought about what Miss F and Admiral FS have said.

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

Having looked at the credit check, it's clear Miss F had some existing debts. However, while I accept that Miss F says that she shouldn't have been lent to because she had credit cards that were highly used, the information from the time shows that Miss F's selected loan purpose was debt consolidation.

Indeed, Miss F highlighted the credit cards that she would have paid off with this loan which was being provided at a lower interest rate than the interest rate on the credit cards. I don't know whether Miss F did go on to consolidate some of her debts into just this loan. But Admiral FS could only make a reasonable decision based on the information it had available at the time.

Admiral FS won't have known whether Miss F would actually pay off her existing balances – all it could do was take reasonable steps and rely on assurances from Miss F that this would be done with the funds from this loan. So 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 Miss F had and which she is now arguing meant that she shouldn't have been provided with this loan.

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

There is an argument to say that, at the absolute most, Admiral FS ought to have found out more about Miss F's actual regular living expenses, rather than relying on statistical data, bearing in mind the monthly payment and the term of this loan. However, I've not been provided with anything that clearly shows that Miss F's committed expenditure, had she consolidated her credit card debts like she said she would, rendered the monthly payments to this loan unaffordable.

As this is the case, I don't think that Admiral FS did anything wrong when providing this loan to Miss F - 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 Admiral FS had asked Miss F for more information about her regular living costs and contractually committed expenditure here, I've not been persuaded that it doing so would have made a difference. In my view, this would simply reinforced the notion that if Miss F did go on to repay her existing debts with the proceeds from this loan as her recorded loan purpose said she would, she would have been in a significantly better financial position.

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

However, for the reasons I've explained, I don't think Admiral FS irresponsibly lent to Miss F 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 Admiral FS didn't treat Miss F unfairly or unreasonably when lending to her. And I'm not upholding Miss F's complaint. I appreciate this is likely to be very disappointing for Miss F. 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 F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 11 August 2025.

Jeshen Narayanan
Ombudsman