

The complaint

Miss W complains that Lendable Ltd was irresponsible in its lending to her. She wants all interest and charges refunded along with 8% statutory interest and any remaining interest removed from her loan.

Miss W is represented by a third party but for ease of reference, I have referred to Miss W throughout this decision.

What happened

Miss W was provided with two loans by Lendable the details of which are set out below.

Loan	Date	Amount (incl fees)	Term	Monthly repayments
1	May 2020	£5,295	36 months	£196.22
2	March 2021	£2,120	36 months	£74.19

Miss W said that adequate checks weren't carried out before the loans were provided to ensure they would be affordable for her. She said she was struggling at the time to meet her essential costs and that she has needed to take out further debt to meet the repayments.

Lendable issued a final response to Miss W's complaint dated 22 January 2022. It said that before the loans were provided it carried out creditworthiness and affordability checks. It didn't accept that the loans were provided irresponsibly.

Miss W referred her complaint to this service.

Our investigator didn't think that Lendable was required to do more checks than it did. Based on its checks they didn't think that Lendable was wrong to lend to Miss W.

Miss W didn't agree with our investigator's view. She said that when the first loan was agreed she had outstanding balances of £12,872 across nine accounts and the loan was intended for debt consolidation. When the second loan was given her outstanding balances had increased to £12,896 across 12 accounts. She explained that she initially borrowed due to a combination of her salary dropping, creating a financial gap, and her partner at the time not contributing. She said she had previously had payday loans, and she took out the loan to consolidate her debts. However, she said that the loan didn't put her in a better financial situation, and the impact of the debts has been significant both financially and emotionally.

Our investigator responded to Miss W's comments but as these didn't change their view, and a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue a 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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Miss W was provided with two loans by Lendable and I have considered each of these lending decisions below.

Loan one: May 2020

Miss W was provided with a loan for £5,295 (including fees) in May 2020. The loan term was 36 months, and Miss W was required to make monthly repayments of around £196. Before the loan was provided, Lendable gathered information about Miss W's employment and income and carried out a credit check. Miss W declared she was employed with a monthly net income of £1,543. The income figure was verified using a credit bureau product and a net monthly income of £1,470 was included in the assessment. The credit check showed that Miss W had nine active accounts which were in good standing with no defaults or arrears in the previous 36 months. The loan's purpose was recorded as debt consolidation.

Noting the size of the loan and repayments compared to Miss W's income and given the credit check didn't raise concerns, and the loan was intended for debt consolidation, I think the checks (including the income verification) were reasonable. However, just because I think proportionate checks were undertaken, it doesn't necessarily mean I think the loan should have been provided. To assess that I have considered the information received through the checks to see if this should have raised concerns.

Miss W's income was verified and an amount of £1,470 was identified. Her total debts were recorded as £12,872 which included £10,201 of instalment credit and £1,484 of credit card debt. Miss W was utilising around 36% of her credit card limits which doesn't raise concerns about her ability to manage these accounts. Based on Miss W's repayments for her loan and hire purchase and an amount for her credit card and mail order accounts, her existing credit commitments would total around £432. This was around 29% of her income and so I do not find I can say she appeared over indebted. The Lendable loan was intended for debt consolidation and I think it reasonable this would have been factored into the assessment and so it would not be expected that Miss W's credit commitments would increase.

Based on the above, Miss W would have around £1,038 available after her credit commitments for her other living costs and even if the loan wasn't used for debt consolidation, she would still have around £842 of disposable income after her existing credit commitments and the Lendable loan repayments. Therefore, I do not find I can say that the information received through the checks suggested the loan would be unaffordable for Miss W or raised other issues that meant the loan shouldn't have been provided.

Loan two: March 2021

Miss W was provided with a second Lendable loan in March 2021. Miss W had maintained

her repayments on her first loan and so I cannot say her account history raised any issues.

As part of the application process, Miss W declared she was employed full time, and her net monthly income was £1,543. This was verified using a credit bureau product. A credit check was carried out which didn't show any recent defaults or adverse data, suggesting that Miss W was managing her existing credit commitments at the time. The second loan was for £2,120 (including fees) and required monthly repayments of around £74. Given the size of the second loan and the repayments compared to Miss W's verified income, and that Miss W hadn't had issues maintaining her previous loan with Lendable and her credit file didn't raise issues, I think the checks carried out were reasonable. I have then considered whether the information received through the checks should have raised concerns.

Miss W had said that the first loan was for debt consolidation. The credit report undertaken when this second loan was given (around nine months after the first) showed that Miss W's overall debts had remained around the same, suggesting the first loan had been used to repay other commitments existing at that time. Miss W's existing credit commitments totalled £12,896 and her credit card utilisation was around 47%. I do not think this suggested she was overindebted or overly reliant on her credit. That said, this loan was taken out as additional debt and so it was important to assess whether these additional repayments would be affordable for Miss W.

Miss W's income was verified as £1,543 and based on the credit check her repayments for her existing credit commitments were around £563. This would leave Miss W with around £905 after her credit repayments, including the second Lendable loan repayments, for her other living costs. I do not think this suggested the loan would be unaffordable for Miss W.

So, for the reasons set out above, I do not find I can say that Lendable was wrong to lend to Miss W and so I do not uphold this complaint.

I've also considered whether Lendable acted unfairly or unreasonably in some other way given what Miss W has complained about, including whether its relationship with Miss W might have been viewed as unfair by a court under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Lendable lent irresponsibly to Miss W or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 27 October 2025.

Jane Archer
Ombudsman