

## The complaint

Mr E complains that Lendable Ltd was irresponsible in its lending to him. He wants all interest and charges he has paid on his loans refunded along with statutory interest and any adverse information recorded about the loans removed from his credit file.

## What happened

Mr E was provided with two loans by Lendable.

Loan	Date	Amount	Term	Monthly repayments
1	August 2021	£3,000	12 months	£308.03
2	June 2022	£8,900	48 months	£376.76

Mr E didn't think that adequate checks were carried out before the loans were provided to ensure they were affordable for him. He said at the time of the applications he had a low credit score and other debts. He said that the high rate of interest on the loans has caused significant financial strain and that his financial position deteriorated between loans one and two. He said he struggled to make the repayments and had to take on further debt. Mr E noted that despite his deteriorating finances he has been offered further loans by Lendable.

Lendable issued a final response to Mr E not upholding his complaint. It said that creditworthiness and affordability checks were undertaken, and Mr E's income validated. It said that based on its checks the loans were affordable.

Mr E referred his complaint to this service.

Our investigator thought the checks carried out before loan one was provided were proportionate and as these showed the loan to be affordable, she didn't think that Lendable was wrong to provide this loan. However, she noted that shortly before the second loan was provided, Mr E had taken out other credit commitments and given this she thought that a full income and expenditure assessment should have happened. Our investigator considered what would have been identified had this happened and found it would have shown the loan to be affordable for Mr E. Therefore, she didn't think Lendable was wrong to provide the loan and didn't uphold this complaint.

Mr E didn't accept our investigator's view. He noted that our investigator didn't think the checks carried out before loan two was provided were proportionate but then said the lending was fair which he didn't think was right. Mr E explained that at the time the loan was provided his debt levels were increasing and he was juggling multiple commitments, some of which have since been identified as unaffordable. He didn't think our investigator's view fully accounted for the potential knock-on effect of the loan on his financial health.

As 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.

Mr E was provided with two loans by Lendable and I have considered each lending decision below.

#### *Loan one: August 2021*

Mr E applied for a £3,000 loan with Lendable in August 2021. Before the loan was provided, Lendable asked Mr E about his employment and income. Mr E declared that he was employed with a net monthly income of £3,895. Lendable used a credit reference agency tool to validate Mr E's income and was able to verify a monthly income of £2,954. A credit check was carried out which didn't raise any concerns about how Mr E was managing his existing commitments. Based on the credit checks, Lendable calculated that, with the new loan, Mr E would be spending around 25% of his monthly income servicing his debts.

Given the size of the loan compared to Mr E's validated income and noting that his credit check didn't raise concerns, I think the checks carried out were proportionate. I have then considered whether, based on the information received through the checks, it was reasonable that the loan was given.

Mr E's net monthly income was verified as being around £2,954. Based on the information I have seen, I think it reasonable this income figure was used in the affordability calculation. Mr E's credit report recorded his total outstanding balances as £17,402. While Mr E was making use of overdraft facilities and his credit card balances were near the limits, I note he had said the loan was for debt consolidation and his credit report didn't raise any serious concerns about how he was managing his accounts. Taking his payments for his existing credit commitments into account as well as the new loan repayments, would still leave Mr E with a reasonable level of disposable income to cover his regular and any unexpected costs. Therefore, I do not find that the checks raised concerns that the loan might not be affordable for Mr E or other issues that meant it shouldn't have been provided.

#### *Loan two: June 2022*

Mr E maintained his repayments on loan one without issue. He made a larger payment in May 2022 and the loan was repaid in June 2022. Therefore, I do not find his account management should have raised concerns when he applied for the second loan.

While Mr E's account management could provide support for further lending, the second loan was for a larger amount, had a longer term and the monthly repayments were for a higher amount. A credit check was carried out which showed Mr E was utilising 99% of his revolving debt limits and his total outstanding debt had increased to £20,325. While I don't

think Mr E's level of debt suggested he was overindebted or that further lending shouldn't have been provided (noting his credit report didn't suggest he was struggling to manage his commitments) he had opened three accounts in the previous six months. Taking all of the above into consideration I think that before providing the second loan, Lendable needed to get a full understanding of Mr E's financial circumstances by undertaking a full income and expenditure assessment, to ensure the lending would be sustainably affordable for him.

I do not find that Lendable was required to request copies of Mr E's banks statements, and I note it had access to his open banking data, but I have looked through the additional statements Mr E has submitted along with the other available information to understand what would likely have been identified had a full income and expenditure check taken place.

Having looked through the information Mr E has declared about his income and expenses at the time and the supporting evidence, I find the net monthly income figure used by Lendable of £2,800 was reasonable. Mr E's existing credit commitments (including payments for loans, credit cards and overdraft interest) were around £770 a month. Adding the new lendable loan repayments would increase this amount to around £1,147. This was around 40% of Mr E's net monthly income. Mr E has provided evidence of his costs for rent, council tax and utilities and including these, along with other regular payments for costs such as communication / media and other leisure subscriptions resulted in his regular costs being around £810 a month. Deducting this and Mr E's credit commitments would leave around £843 to cover Mr E's general living costs and any unexpected or increased costs. So, while I can see that Mr E was paying a relatively high amount towards his monthly credit commitments, I do not find I can say that the evidence suggested he was struggling to manage this or that the new Lendable loan would be unaffordable for Mr E. Therefore, I do not find I can uphold this complaint.

I've also considered whether Lendable acted unfairly or unreasonably in some other way given what Mr E has complained about, including whether its relationship with Mr E 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 Mr E or otherwise treated him 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 Mr E to accept or reject my decision before 4 September 2025.

Jane Archer  
**Ombudsman**