

## **The complaint**

Mr M complains that Lendable Ltd (“Lendable”) provided him with two personal loans, irresponsibly.

## **What happened**

Lendable provided Mr M with loan 1 in May 2019 for £4,000 with a total amount of £4,956.66 repayable over 18 months. Monthly repayments were around £274. This loan ended in December 2019 when it was repaid in full. No payments were missed on this loan.

Lendable provided Mr M with loan 2 in December 2019 for £7,000 with a total amount of £9,805.07 repayable over 36 months. Monthly repayments were around £274 per month with a smaller final instalment. The loan was repaid in full in April 2022 and no payments were missed.

Mr M complained to Lendable. In summary, he said the lending was irresponsible. He said he borrowed a total of £11,000 from Lendable within six months and the second loan was taken out, in part, to roll the first loan into it. Mr M said this demonstrated he was in a debt spiral which negatively impacted his financial situation and mental health.

In its final response, Lendable didn’t uphold Mr M’s complaint. In summary, it said it lent in accordance with its lending criteria, and the loans were affordable. Unhappy with this, Mr M referred his complaint to our service.

Our Investigator didn’t uphold this complaint. In summary, they said the checks Lendable carried out for both loans were proportionate and the lending fair.

Lendable agreed with the Investigator’s view but Mr M didn’t agree. In summary, he said the disposable income figures were not accurate as he was paying around £905 towards committed living expenses each month.

At this point, another Investigator took over Mr M’s case and responded to his further points. In summary, they said they agreed with the initial Investigator’s view and reiterated some of the previous Investigator’s points. Mr M still didn’t agree and requested a final decision.

Because the parties couldn’t agree, the matter has been passed to me for a final 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.

We explain how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr M’s complaint.

Having carefully considered everything provided, I’m not upholding Mr M’s complaint – and I’ll explain why.

Lendable needed to make sure it didn't lend irresponsibly. This means it needed to carry out proportionate checks to understand whether Mr M could afford to repay before providing the lending. Generally, it might be reasonable and proportionate 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 it didn't continue to lend to its customer irresponsibly.

When Mr M was provided with the loans, Lendable was required to understand whether Mr M could sustainably repay the full amount it was prepared to lend.

### Loan 1

Before providing loan 1, Lendable asked Mr M about his monthly income and carried out a credit check. Mr M declared he was employed full-time with a net monthly income of £2,105, which Lendable verified using credit bureau data – the result of which was a high confidence rating, suggesting it was very likely Mr M's declared income was correct.

Lendable's credit check showed, in summary, that Mr M had a total existing credit balance of £20,270, of which £16,669 was loans/instalment credit and £3,593 in revolving credit balances, using 78% of his revolving limits. The checks also showed no record of any bankruptcy, insolvency or County Court Judgments (CCJs). Mr M had some historic defaults and arrears showing from around 2015, but those debts had been satisfied. Mr M hadn't incurred any arrears or defaults in the past 36 months.

Lendable said it calculated whether this loan was affordable by deducting Mr M's existing monthly credit commitments and the monthly payment for this new lending, from his monthly income. It then calculated what percentage Mr M would be spending on servicing his debts (35.64% in this instance) and therefore how much of his income would be left for living and non-discretionary expenses (64.36%). Based on this, it found the lending affordable.

I'm mindful the monthly loan repayments, at around £274 were not insignificant. So, I've thought carefully about whether Lendable's checks should have gone further here, in particular by finding out more about Mr M's actual living expenses, as opposed to relying on an estimated disposable income figure.

But like our Investigator, I'm not persuaded, in the circumstances of this case, that Lendable's checks did need to go further – and I'll explain why.

Lendable's affordability calculations do suggest the lending was affordable, given it would leave Mr M with a significant amount each month after meeting his credit commitments. Its checks also don't suggest Mr M was in any financial difficulty, on the contrary, they showed he'd been managing his existing credit very well, with no arrears and no missed payments. Whilst he'd had some problems paying debt in the past, this had happened several years before, and those debts had been satisfied. So, I don't think the previous issues reflected Mr M's current financial situation. Lendable could also be confident Mr M's declared income was likely accurate. And, I can see from Lendable's credit checks that Mr M rarely made minimum payments towards his revolving credit debt, often paying well above the minimum required.

Taking all of this together, despite relying on some estimates to calculate affordability, I think Lendable would have likely understood that Mr M's financial situation was stable and he likely had enough disposable income to pay towards this additional lending.

Whilst I think Lendable's checks were proportionate and therefore it could reasonably rely on its affordability checks, I do appreciate Mr M has said his actual disposable income would be much lower - given his actual committed living expenses totalled around £905. But even if I consider Mr M's disposable monthly income using the figures he's disclosed to our service, I think this lending would likely be affordable. I say this because after deducting his committed credit expenses including this new lending, as well as committed living expenses of £905 per month, I think this still would have left him with enough disposable income for food and unforeseen expenditure. So even if Lendable had found out more about his committed living expenditure, I think it would have likely found this lending affordable.

Therefore, I think the checks Lendable carried out for loan 1 were proportionate and the lending fair.

## Loan 2

Before providing loan 2, Lendable carried out similar checks to when it provided loan 1. It asked Mr M about his monthly income and carried out a credit check. Mr M declared he was employed full-time with a net monthly income of £2,136, which Lendable verified using credit bureau data – again the accuracy rating of this was high. Mr M also declared the purpose of the loan was debt consolidation.

Lendable's credit check showed, in summary, that Mr M had a total existing credit balance of £20,302, of which £17,624 was loans/instalment credit and £2,678 revolving credit balances, using 43% of his revolving limits. Mr M hadn't incurred any adverse data on his credit file since the provision of loan 1.

Lendable said it calculated whether this loan was affordable by deducting Mr M's existing monthly credit commitments and the monthly payment for this new lending, from his monthly income. It then calculated what percentage Mr M would be spending on servicing his debts (35.1% in this instance) and therefore how much of his income would be left for living and non-discretionary expenses (64.9%). Based on this, it found the lending affordable. However, given Mr M had declared this loan was for debt consolidation, Lendable also calculated he could save around £249 per month were he to consolidate some of his existing credit balances.

This time, Mr M was agreeing to monthly repayments of around the same amount as loan 1 but for a larger loan, so he was committing to paying around £274 per month over a longer term; 36 months. Of course, this would technically be in addition to the loan repayments for loan 1, although I've considered that Mr M declared this loan was for debt consolidation – I'll explain more on this later. Again, because of this, I've thought carefully about whether Lendable's checks ought to have gone further. However, I'm not persuaded the checks needed to go further for loan 2 either – and I'll explain why.

Lendable's affordability calculations at the time suggest this lending would be affordable. Mr M's credit check revealed he'd continued to manage his existing credit well and he didn't appear overly indebted. Again, he was very rarely making the minimum payment and instead, he'd been making large payments towards his revolving credit. Lendable also now had an existing relationship with Mr M, having provided loan 1 around seven months earlier, so it could assess how he'd managed that credit too.

Although Lendable's affordability calculations suggested the lending for loan 2 was affordable, I think it's relevant to consider that Mr M declared he wanted the loan for debt consolidation. I say this because if Lendable takes into account that Mr M would consolidate this loan, as he said he would, then it would leave him with a much higher disposable monthly income figure. And I don't think, given Mr M declared he'd use the loan for consolidation and that Lendable's checks demonstrated his financial situation appeared stable, that it would have been unreasonable for Lendable to rely on Mr M saying he'd consolidate some of his current debt.

Moreover, Mr M did in fact go onto use this loan for consolidation, at least in part, because he used it to pay the remainder of loan 1 off. So, we know he would have reduced his monthly credit commitments by doing that. Mr M had also made all his payments on time for loan 1 and therefore had demonstrated he could afford monthly repayments of £274.

Taking all of this together, similar to loan 1, I think Lendable would have likely understood that Mr M's financial situation was stable and he likely had enough disposable income to pay towards this additional lending. But again, I'm also satisfied even if Lendable had found that Mr M's committed living expenses were £905 per month, as he says they were, taking into account his likely disposable income, in particular, given Mr M said he wanted to consolidate his debt, I still think it would have found this lending was affordable.

So, I think the checks were proportionate and the lending fair for loan 2 also.

I'm sorry to hear Mr M was in a debt spiral and that this affected his financial situation and his mental health. The reality of his situation may well have been quite different compared to what Lendable's checks showed. But for the reasons I've explained, I don't think any problems Mr M may have had later repaying debt, would have been foreseeable to Lendable at this time of providing these loans. Whilst not necessarily indicative of responsible lending on its own, here, it's relevant to say that Mr M paid all of his repayments on time for each loan and both loans have now been repaid in full.

Overall, I don't think therefore that Lendable lent irresponsibly to Mr M and I'm not upholding his complaint.

Finally, I've also considered whether the relationship might have been unfair 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 M 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**

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 January 2026.

Sophie Kyprianou  
**Ombudsman**