

The complaint

Miss J complains that Lendable Ltd was irresponsible in its lending to her. She wants all interest and charges on her loan refunded along with statutory interest and all negative information removed from her credit file.

What happened

Miss J was provided with a £20,000 loan by Lendable in July 2022. The loan term was 48 months, and Miss J was required to make monthly repayments of £518.66.

Miss J said that Lendable didn't carry out adequate checks before the loan was provided and had it done so it would have seen she had a poor credit score and multiple missed payments. She said the loan was unaffordable and she had to borrow more to meet the repayments.

Lendable issued a final response to Miss J's complaint dated 5 March 2025. It said that prior to the loan being issued it undertook an assessment to ascertain Miss J's eligibility for the loan. It explained that a full credit search took place which didn't raise any major concerns and that based on its checks the loan repayments appeared affordable. Therefore, it didn't uphold this complaint.

Miss J referred her complaint to this service.

Our investigator noted the checks that Lendable undertook but given the size of the loan and noting the information identified through the credit check, he thought that further details should have been gathered about Miss J's expenditure to ensure the loan would be affordable for her. Our investigator reviewed Miss J's bank statements for the months leading up to the loan being given and thought these could have raised concerns about the affordability of the loan. However, when he factored in the purpose of the loan being debt consolidation, he found that this could have reduced Miss J's overall costs and based on this he thought that Lendable had made a fair lending decision.

Miss J responded to our investigator's view. She noted that he had recognised she was experiencing financial stress, and she said she was already in a cycle of debt taking out new loans to pay existing commitments. She said that Lendable didn't discuss with her how she was going to restructure her debts and had it done so it would have been clear that she wasn't able to manage her funds. Miss J said that when she reached out to Lendable to ask for help this was given but then she received notice that a default would be applied to her account if she didn't repay £6,500 in 28 days which she said she couldn't do. Miss J said she wasn't looking for a refund just the default to be removed and an acknowledgement from Lendable that they needed to do better for future customers.

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.

I note Miss J's comment about how the default was applied, but this investigation has been into whether the loan was provided responsibly and this is the issue that Lendable addressed in its final response and that is covered in this decision.

Miss J was provided with a £20,000 loan requiring monthly repayments of around £518. This is a significant loan and given the size of the repayments, we would expect Lendable to have got a clear understanding of Miss J's financial situation before lending to her.

Before the loan was issued, Lendable gathered information about Miss J's employment, income and residential status. Miss J declared she was employed with an annual income of £52,222 and was a homeowner. Miss J's annual income was calculated to give a net monthly income of around £3,237 and Lendable verified this using an industry tool. A credit search was carried out which showed Miss J had 21 active accounts with total debts (excluding her mortgage) of around £35,128. The credit file showed that Miss J had one account in arrears and several other accounts that had fallen into arrears within the previous year.

While I accept that Lendable will lend to customers who don't have a perfect credit history, I would expect it to require a customer's profile to show they were financially stable at the time of the lending. In this case, Miss J had a high number of active accounts and a high level of debt and had missed payments recorded in recent months. Given this, and noting the size and term of the loan and the repayments required, I think that Lendable should have carried out further verification of Miss J's expenses to ensure that it fully understood her financial circumstances.

As I think that further checks should have taken place, I have looked through Miss J's bank account statements for the months leading up to the loan application, alongside the data Lendable received through its checks, to see if this should have raised concerns about the loan.

Having looked through Miss J's account statements these support the income figure used by Lendable. I think it reasonable to rely on the information from Miss J's credit file to assess her monthly credit commitments. This showed she was making repayments for loans of around £248 a month which is supported by her statements and had outstanding balances on credit cards, mail order accounts and an overdraft. Given her debts, I think providing £20,000 of additional credit at this time wouldn't have been sustainable. But, Miss J said that the loan was intended for debt consolidation and while I appreciate the comments she has made about Lendable not discussing her restructuring plans, and I think this would have been helpful, I still think it reasonable that Lendable would factor debt consolidation into its assessment.

Lendable calculated that the debt consolidation would reduce Miss J's credit cost by around £614 and that after removing this amount from the credit commitments, and adding the Lendable loan repayments, Miss J would be spending around 42% on her debt repayments. Having looked through the credit information Lendable received, I find this reasonable, and note that based on Miss J's income of £3,237 this would leave around £1,877 for her other costs.

Miss J's account statements show she was paying around £395 for her mortgage and her payments for costs such as utilities, communication and media contracts, car tax and other regular costs averaged around £410 a month. Miss J was also making payments to her partner's account from which payments such as the council tax were made. These averaged around £245 a month. Deducting these from £1,877 would leave around £827 for Miss J's other living costs such as food and fuel. Based on these figures, I do not find I can say the loan should have appeared unaffordable for Miss J.

I have then considered further her credit check results to assess whether these were such that the loan shouldn't have been given. While, as noted above, there was some adverse information recorded, Miss J hadn't opened any new accounts within six months of the loan application, there were no defaults or county court judgements recorded and all but one account was up to date. So, in this case I think the credit results meant further checks were needed (and weren't such that the results alone meant that the loan shouldn't have been given). As the checks suggested the loan to be affordable and noting that the debt consolidation should have reduced Miss J's overall costs, 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 Miss J has complained about, including whether its relationship with Miss J 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 J 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 J to accept or reject my decision before 5 December 2025.

Jane Archer
Ombudsman