

The complaint

Miss J complains PDL Finance Limited trading as Mr Lender (“Mr Lender”) gave her a loan without carrying out sufficient affordability checks.

What happened

Miss J was granted an instalment loan of £300 in November 2024. She was due to make six variable decreasing monthly payments of between £138.80 and £62. The loan was repaid in February 2025.

Following Miss J’s complaint about the sale of the loan, Mr Lender gave reasons as to why it wasn’t upholding Miss J’s complaint. Miss J then referred it to the Financial Ombudsman.

An Investigator then considered the complaint, and they didn’t uphold it because they were satisfied proportionate checks were conducted which showed the loan was affordable. Miss J didn’t agree and as no agreement has been reached, the case has been passed to me for 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.

We’ve set out our general approach to complaints about this type of lending - including all the relevant rules, guidance and good industry practice - on our website. And I’ve used that to help me decide this complaint.

Mr Lender had to assess the lending to check if Miss J could afford to pay back the amount she’d borrowed, without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. Mr Lender’s checks could’ve taken into account a number of different things, such as how much was being lent, the size of the repayments, and Miss J’s income and expenditure.

With this in mind, I think in the early stages of a lending relationship, less thorough checks might have been proportionate. But certain factors might suggest Mr Lender should have done more to establish that any lending was sustainable for Miss J. These factors include:

- Miss J having a low income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- The amounts to be repaid being especially high (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- Miss J having a large number of loans and/or having these loans over a long period of time (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable);
- Miss J coming back for loans shortly after previous borrowing had been repaid (also suggestive of the borrowing becoming unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable for Miss J. The investigator didn't think this applied to Miss J's complaint and I agree, considering only one loan was granted.

Mr Lender was required to establish whether Miss J could *sustainably* repay the loan – not just whether she technically had enough money to make her repayments. Having enough money to make the repayments could of course be an indicator that Miss J was able to repay her loan sustainably. But it doesn't automatically follow that this is the case.

Miss J declared a monthly income of £2,500. For this loan I think it was entirely proportionate of Mr Lender to have relied on what Miss J told it about her income when taken with the amount of credit advanced.

Miss J declared monthly outgoings of £1,650 – this was across a number of different categories including rent/mortgage, food, transport and other credit commitments to name a few. Based solely on the income and expenditure information Mr Lender gathered, Miss J had enough disposable income to afford the largest repayment for the loan.

Mr Lender also carried out a credit search, and it has provided the Financial Ombudsman with a summary of the results it received from the credit reference agency. I want to add that, although Mr Lender carried out a credit search, there isn't a regulatory requirement to do one, let alone one to a specific standard. While the credit search may not have been as comprehensive as other lenders or provide as detailed results that alone isn't a reason to uphold the complaint.

Having looked at the credit results, there wasn't anything, in my view, that would've led Mr Lender to have carried out further checks. It knew Miss J wasn't insolvent either through an Individual Voluntary Arrangement or a bankruptcy within the previous three years. She also didn't have any County Court Judgements within the three years preceding either.

In addition, it was also told that Miss J didn't have any other outstanding "AAI" loans which are more commonly referred to as payday loans, So, there was no indication that Miss J was reliant on this sort of credit.

I appreciate Miss J says she was reliant on payday loans at the time – but the credit search results given to Mr Lender didn't indicate that. If Mr Lender wasn't aware of the other payday loans Miss J may have had outstanding at the time, it wouldn't be in a position to make adjustments to its affordability assessment.

I accept that the information Miss J provided may not have been an entirely accurate reflection of her circumstances at the time, after all, she's told us and provided bank statements to show us, she was gambling. I'm sorry to hear that at the time this made her financial position even more precarious. But given the amount advanced to Miss J it would've, in my view, been disproportionate for Mr Lender to have reviewed her bank statements. As such, it didn't and couldn't have known of Miss J's gambling by conducting a proportionate check. I appreciate that this wasn't the response Miss J was expecting.

Overall, it was reasonable for Mr Lender to have relied on the information Miss J provided about her income and expenditure as well as the credit check results which showed she had sufficient disposable income to afford the repayments. It therefore follows that I can't uphold Miss J's complaint about the loan.

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 Mr Lender 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

For the reasons given above, I am not upholding Miss J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 16 February 2026.

Robert Walker
Ombudsman