

The complaint

Mr K complains that Lendable Ltd trading as Zable lent irresponsibly when it approved his credit card application and later increased the limit.

What happened

Mr K applied for a Zable credit card in January 2024. In his application, Mr K said he had a monthly income of £2,061. Mr K also gave a monthly rent figure of £825. A credit search was completed that found various debts in Mr K's name. Recent arrears and defaults in relation to deferred credit agreements in Mr K's name were also noted. Zable carried out an affordability assessment and says Mr K had around £1,131 a month remaining after covering his existing debts, the new credit card and rent to pay his living expenses. Zable approved Mr K's application and issued a credit card with a limit of £200.

Mr K used the Zable credit card and the limit was increase to £500 in April 2024 and £1,500 in December 2024.

More recently, Mr K complained that Zable lent irresponsibly and it issued a final response. Zable said it had carried out the relevant lending checks before approving Mr K's application and didn't uphold his complaint.

An investigator at this service upheld Mr K's complaint. They noted that the credit file information obtained by Zable showed Mr K had recently missed numerous repayments to various deferred credit agreements leading some of them to be closed at default. The investigator thought the number of missed payments and default information should've shown Zable Mr K was already struggling to maintain credit and take the decision to decline his application. The investigator upheld Mr K's complaint and asked Zable to refund all interest, fees and charges applied from the date the application was approved.

Zable asked to appeal and said not all its customers would have a perfect credit history and that, given the low value of the defaults in questions, it was not unreasonable for the lending to be granted. As Zable asked to appeal, Mr K's complaint has been passed to me to make 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.

Before agreeing to lend or increasing the credit limit, the rules say Zable had to complete reasonable and proportionate checks to ensure Mr K could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;

- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out in broad terms the information that Zable used when considering Mr K's application above. I can see Mr K gave details of his income and rent and that Zable carried out an affordability assessment after checking the information on his credit file. Like the investigator, I have concerns over the information Zable obtained when the credit search was completed.

I found at least 19 separate deferred credit agreements opened in January 2023 that were either settled after multiple arrears or closed at default without the outstanding balance being repaid. I counted at least nine of those accounts as being closed at default. I understand Zable's point that it accepts applicants with some credit issues showing on their credit files. And Zable's told us the value of the defaults were low. But I think the fact Mr K had failed to maintain even low levels of credit in the preceding months would've indicated he was unlikely to be able to sustainably manage a large amount of credit. Given the large number of missed payments and defaults in recorded around four months before the application was made, I think the information available to Zable showed Mr K wasn't in a position to sustainably afford repayments to new credit and should've led it to decline his application. In my view, Zable lent irresponsibly when it approved Mr K's application in January 2024.

As I haven't been persuaded Zable lent responsibly when it approved Mr K's application and increased the limit I'm upholding his complaint and directing it to refund all interest, fees and charges applied from the date of approval.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed above results in fair compensation for Mr K in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

My final decision

My decision is that I uphold Mr K's complaint and direct Lendable Ltd trading as Zable to settle as follows:

- Rework the account removing all interest, fees, charges and insurances (not already refunded) that have been applied.
- If the rework results in a credit balance, this should be refunded to Mr K along with 8% simple interest per year* calculated from the date of each overpayment to the date of settlement. Lendable should also remove all adverse information regarding this account from Mr K's credit file.
- Or, if after the rework there is still an outstanding balance, Lendable should arrange an affordable repayment plan with Mr K for the remaining amount. Once Mr K has cleared the balance, any adverse information in relation to the account should be removed from their credit file.

If Zable has sold the debt to a third party, it should arrange to either buy back the debt from the third party or liaise with them to ensure the redress set out above is carried out promptly.

*HM Revenue & Customs requires Zable to deduct tax from any award of interest. It must give Mr K a certificate showing how much tax has been taken off if he asks for one. If it intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 25 November 2025.

Marco Manente
Ombudsman