

The complaint

Mr B complains that PDL Finance Limited trading as Mr Lender lent to him irresponsibly. He says that better checks would have revealed his gambling issues and that he could not afford to repay the loans.

What happened

Mr B took five loans from Mr Lender commencing 15 May 2022 with Loan 5 taken January 2023. After Mr B had complained, Mr Lender's final response letter (FRL) in February 2025 agreed that it needed to put things right for Mr B for Loans 3, 4 and 5. This included removing each of Mr B's loan accounts from his credit file record (the final one being removed when paid off). Mr Lender was going to use the refunded sums for Loans 3 and 4 to set off against the outstanding balance on Loan 5 (at that point with a third-party debt collector). This would have left a small balance to repay for Loan 5.

After the complaint had been referred to the Financial Ombudsman Service, our investigator endorsed that outcome for Loans 3, 4 and 5. She reviewed the lending decisions for Loans 1 and 2. She did not think that Mr Lender had done anything wrong. Our investigator answered some of Mr B's other points he'd raised.

Mr Lender had nothing to add to the investigator's view and so it agreed. Mr B has disagreed as he says that his vulnerabilities, the pattern of lending and that Mr Lender ought to have looked at his bank statements, all mean that Mr Lender lent irresponsibly for Loans 1 and 2 as well as Loans 3, 4 and 5. The unresolved complaint was passed to me to decide.

As Mr Lender has already agreed to uphold Loans 3, 4 and 5, this was endorsed by our investigator and Mr B has not disagreed about those three loans, then these are not in dispute and I have not reviewed them. The disputed loans are Loans 1 and 2.

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.

Mr Lender had to assess the lending to check if Mr B could afford to pay back the amount he'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 several different things, such as how much was being lent, the size of the repayments, and Mr B's income and expenditure.

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 Mr B. These factors include:

- Mr B 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);
- Mr B having many loans and/or having these loans over a long period (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable);
- Mr B coming back for loans shortly after earlier borrowing had been repaid (also suggestive of the borrowing becoming unsustainable).

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

Mr B has been articulate in his reasoning as to why he feels that Mr Lender ought not to have approved Loans 1 and 2 either. I have reviewed all the details he supplied to Mr Lender plus the information it obtained from its own research. And I have thought about the fact that these were early in the lending chain. To answer one of Mr B's points, no pattern would have been known about or built up for Loans 1 and 2.

The details surrounding each of the loans are all set out in our investigator's view and I do not repeat them here. Both parties know the facts.

One element I would have expected to see, and in fact Mr Lender did carry it out, was in relation to the income for Loan 2. I had noted that Mr B's declared income was £400 higher than when he'd applied for Loan 1. Mr Lender did a TAC to check and verify income. This is an income check procedure using Credit Reference Agency information. I consider that a fair and reasonable approach and the TAC is a reputable system and so I consider that proportionate for the second loan.

Mr B has referred to what the account transactions on his bank statements would have revealed to Mr Lender if it had reviewed them when he applied for Loans 1 and 2. But I'd not have expected Mr Lender to have asked for any further financial information from Mr B or for it to have carried out additional checks. So, the points to which Mr B refers would not have been seen by Mr Lender.

I've looked at the other information Mr Lender obtained about Mr B's applications at Loans 1 and 2 and there's nothing to indicate that additional checks were warranted. Mr Lender carried out proportionate checks, acted on the information it had discovered and used the information Mr B had given it. The loans both looked affordable. Mr Lender had done the checks I would have expected it to have done for loans of this size and at this stage of the lending relationship. And so, I do not consider that it acted outside the regulations surrounding responsible lending.

I do not uphold the complaint about the irresponsible lending of Loans 1 and 2.

Other points raised by Mr B

There's no evidence that the vulnerabilities raised by Mr B were known or ought to have been identified by Mr Lender when he applied for Loans 1 and 2.

The point explained by Mr B, that he did not have confidence in Mr Lender's liaison with the third party debt owner is unfortunate to read that he felt like that. But I'd say it was groundless as Mr Lender had made it clear in the FRL what it would do. And one call to Mr Lender likely would have clarified any doubts. That has meant that the offer made – which we endorse - in February 2025 could have led to swift resolution for all parties almost a year ago.

What I will say is that the figures on which the calculations surrounding the resolution for Loans 3, 4 and 5 will need to be redone because of the passage of time. This may lead to more additional interest (8%) being added to the refund amounts which may well lead to a lesser outstanding sum on Loan 5 when the sums are offset. I mention this so that Mr Lender is aware that I consider new calculations ought to be done and secondly that Mr B is aware of that slight change which may mitigate his concerns.

Mr B has requested that I direct Mr Lender to write off any remaining balance for Loan 5. I will not do that. I consider that Mr B took the capital amount and will have used it and so I do not consider it fair or reasonable for me to ask Mr Lender to write the balance off.

I've no evidence that Mr Lender has been poor in supporting Mr B. And if Mr B considers that the third party has failed him then that would have to be a separate complaint: the respondent business to this complaint is Mr Lender. And for the same reason, I am not able to make any directions for the third party to comply with as it's not a respondent to this complaint.

It is not the usual approach we consider fair or reasonable for additional compensation to be added to the resolution Mr Lender has already offered. Mr Lender's offer fits with what we'd expect it to have done. In fact – it's better as Mr Lender has offered to completely remove all the loans from his credit file.

I've also considered whether Mr Lender acted unfairly or unreasonably in any other way and 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 it lent irresponsibly to Mr B 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.

As the offer to Mr B was made in the FRL which was before the complaint was referred to us then this is a 'non-uphold' decision but I know the offer remains available. It will be for Mr B to approach Mr Lender to confirm whether he wishes to accept or otherwise.

My final decision

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 February 2026.

Rachael Williams
Ombudsman