

The complaint

Mr B complains Lendable Ltd (Lendable) failed to carry out sufficient financial checks before it approved two loan accounts for him.

What happened

Mr B says Lendable approved two loan accounts for him in December 2023 for £2,107 (loan 1) and in August 2024 for £3,147 (loan 2), but this was at a time when he was struggling financially with high levels of existing debt and a record of previous missed payments on external financial commitments.

Mr B wants Lendable to refund all interest charged to the two loan accounts.

Lendable says it carried out a comprehensive review and affordability assessment before approving both of the loan accounts. Lendable says it obtained information from both Mr B's applications and from credit reference agencies (CRA's), to verify Mr B's income and expenditure. Lendable says these credit checks showed there were no defaults in the previous 12 months leading up to both loan approvals, nor was there any evidence of financial stress to suggest the loans were unaffordable, at the time they were approved.

Lendable says while there was existing external debt, this had been taken into account and had been well managed, and when loan 2 was agreed, Mr B had met all of his monthly payments on loan 1 on time. Lendable felt it carried out appropriate checks and the loans it approved were affordable. Mr B wasn't happy with Lendable's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator pointed out there were no set list of checks lenders like Lendable must undertake before it approved credit facilities, but these should be borrower focused.

The investigator says when loan 1 was approved, Lendable carried out financial checks based on information contained within Mr B's credit application and information from CRA's and verified his income and expenditure via external sources. The investigator says the information showed two payment arrears, but these had been brought up to date, and there were no defaults in the previous 12 months. That said the investigator felt Lendable should have obtained more income and expenditure verification by way of sight of bank statements.

The investigator says the bank statements he obtained suggested the loan payments were affordable and sustainable, based on the income expenditure passing through the bank account.

As far as loan 2 was concerned, the investigator felt while Lendable did carry out similar financial checks and there were no obvious signs of concerns such as defaults in the past 12 months, Mr B's external debt had increased so again he felt Lendable should have obtained bank statements to verify his income and expenditure. The investigator says the bank statements confirmed Mr B's disposable income was sufficient to meet the new loan repayments and his existing loan account had been managed well at that time.

The investigator concluded the loan payments were sustainable and affordable and Lendable's decision to lend on both occasions was fair.

The investigator went on to say from the information he had seen, when Mr B did ask for support some time after loan 2 had been approved, Lendable did provide that support.

Mr B didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I was sorry to hear Mr B is experiencing financial problems and this is having an impact on his mental wellbeing and that must be a source of worry for him. When looking at this complaint I will consider if Lendable carried out reasonable and proportionate financial checks before it approved two loan accounts for Mr B, in December 2023 and August 2024.

Mr B's complaint centres around his view that Lendable failed to carry out thorough enough financial checks before it approved the two loan accounts in December 2023 and August 2024. Mr B says he was already over indebted at that time and had a history of missed payments and a payment break on loan 1 which should have indicated to Lendable he was struggling financially.

While I understand the points Mr B makes, I'm not fully persuaded by his argument and I will go on to explain why.

As the investigator has pointed out there are no set list of checks lenders like Lendable must carry out before approving credit facilities, but these should be borrower focused taking into account the amount, type, term and cost of any borrowing. I should say here it's not for me to tell Lendable what those checks must consist of, or from what sources those checks should come from.

Here from the information I have seen, before loan 1 was approved in December 2023, Lendable relied upon information Mr B declared in his credit application, stating he had a net monthly income of £2,900 and this was checked by Lendable using industry standard external sources. I can see Lendable also used data provided by CRA's as part of its assessment and this showed while there had been defaults, these were historic and although there was active external debt, these had been well managed.

The investigator obtained copies of Mr B's bank statements to verify income and expenditure, which I am satisfied was prudent here. Although having seen those statements, these not only confirmed Mr B's income levels but showed after essential expenditure there was a good level of regular net disposable income to meet the loan payments each month. So with that in mind I am satisfied Lendable's decision to lend was fair and the monthly commitment looked sustainable.

When loan 2 was approved in August 2024, Mr B had met all his existing loan payments to Lendable on time, so it's fair to say here it had built a reasonable credit history with him at that point. I can see Lendable again carried out financial checks using CRA's and the information contained in Mr B's credit application. This showed Mr B's income was much the

same at around £2,900 per month but there was an increase in his external borrowing by around £3,500. That said, simply because external borrowing had increased that's not to say Lendable shouldn't have provided more credit, what is important here is the affordability of this debt.

From the bank statements I have seen for the months leading up to the second loan, these showed a strong sustained income, with a net disposable income after all essential and finance costs of around £600 per month, which was sufficient to meet the loan payments of £309 per month. It's also worth mentioning there were no obvious signs of financial stress from either the bank statements or Mr B's credit file data, such as recent defaults, missed payments, arrears etc to suggest the new loan was unaffordable in any way.

I can see Mr B requested a payment deferral in September 2024, but this was after loan 2 had been approved and drawn, so I can't say Lendable could have foreseen that and, in any event, it seems this was for a large one off expense at that time, rather than any obvious long term financial issues, which appears to have come about later. In fact Mr B repaid this loan early in June 2025.

So on balance, I am satisfied Lendable's decision to lend here was fair and if it had obtained copy banks statements on both occasions, this would have only resulted in it coming to the same lending decisions.

I would also add that when Mr B did ask for temporary support in September 2024, Lendable did look to help at that time and have subsequently set up a payment plan for him, so again I am satisfied it has been supportive when Mr B required it.

I've also considered whether Lendable acted unfairly or unreasonably in some other way given what Mr B has complained about, including whether its relationship with him might have been unfair under s.140A Consumer Credit Act 1974. However, for the same reasons I have set out above, I've not seen anything that makes me think this was likely to have been the case.

While Mr B will be disappointed with my decision, I won't be asking anymore of Lendable.

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 Mr B to accept or reject my decision before 28 October 2025.

Barry White
Ombudsman