

## **The complaint**

Mrs R complains that PDL Finance Limited trading as Mr Lender ("Mr Lender") irresponsibly provided her with two loans whilst she was struggling financially and had a gambling addiction.

## **What happened**

Mr Lender provided Mrs R with two short term lending loans. On 1 February 2024, Mrs R was provided with a loan for £300 repayable over four months with repayments starting at £169 and reducing to £64 a month. On 3 May 2024, Mrs R was provided with a loan for £400 repayable over six months with repayments starting at £146 and reducing to £83 a month. These were high interest loans where the outstanding debt was due to be repaid over a short period. They are designed for consumers who may struggle to get credit elsewhere due to their credit ratings.

On 9 February 2025, Mrs R complained to Mr Lender that it had lent to her irresponsibly whilst she was gambling and struggling financially. She felt that Mr Lender hadn't conducted sufficient checks and if it had, her gambling addiction would have been obvious.

Following Mrs R's complaint, Mr Lender wrote to her in a final response (FRL) on 9 May 2025 and explained it wasn't upholding her complaint and signposted Mrs R to organisations that may be able to help her gambling addiction and financial situation. Unhappy with this response, Mrs R referred the complaint to us.

Our investigator thought Mr Lender had conducted proportionate checks before agreeing to lend and had made fair lending decisions for both loans and didn't uphold Mrs R's complaint.

As Mrs R disagreed with this outcome the case 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.

Having done so, I've reached the same conclusion as that of our investigator and for broadly the same reasons.

I'm aware that I've summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I've got is incomplete, unclear or contradictory, I've to base my decision on the balance of probabilities.

Mr Lender will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Having carefully looked at everything provided by both parties, I've decided to not uphold Mrs R's complaint. I've explained why below.

#### *Mr Lender's decision to lend to Mrs R*

Mr Lender needed to make sure that it didn't lend irresponsibly. In practice, what this means is Mr Lender needed to carry out proportionate checks to be able to understand whether Mrs R could afford to repay the loan she had applied for before granting it.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Mr Lender says it agreed to Mrs R's applications after she provided details of her employment and salary and some information on her expenditure. It says it cross-checked this against information on a credit search it carried out and by using national statistical data. Mr Lender said there was no recent adverse credit information prior to the applications such as defaults or delinquencies. In Mr Lender's view all of this information showed Mrs R could afford to make the repayments for each loan she would be committing to.

On the other hand, Mrs R has said she was in financial difficulty and had a gambling addiction.

I've carefully thought about what Mrs R and Mr Lender have said.

#### *Mr Lender's decision to lend £300 to Mrs R on 1 February 2024*

For the first loan, Mr Lender provided Mrs R with a loan for £300 with monthly repayments reducing each month from £169 to £64, with a total repayable of £506. Mrs R did request that for two months during this period, she could make interest only payments which Mr Lender agreed to. And under the lending regulations, two interest only payments are allowed without this constituting financial difficulty but allowing consumers flexibility to manage their credit commitments. Mrs R declared she was working full time and had a monthly income of £2,500 and a total expenditure of £1,044, leaving Mrs R with a healthy disposable income of around £1,456. Mrs R also confirmed in her application that she didn't have any addictions.

But Mr Lender didn't just simply accept what Mrs R said. It carried out credit searches which showed that Mrs R had no recent adverse information on her credit file that it could see. Mr Lender also considered national statistical data when assessing the information Mrs R had provided, including her income and expenditure. And that left Mrs R with a disposable

monthly income of £1,456 in which to afford this loan. And so the loan from Mr Lender appeared both affordable and sustainable.

I accept that Mrs R appears to be suggesting that her actual circumstances may not have been fully reflected either in the information she provided, or the information Mr Lender obtained. Mrs R told us she was gambling excessively at the time of the application and was struggling financially. However, Mrs R didn't make Mr Lender aware of these issues until she made her complaint to it and nor would it have been evident from the information it obtained. I'm sorry to hear about what Mrs R told us was happening in her personal life at the time and I hope that things have since improved. I would encourage Mrs R to consider the organisations that Mr Lender suggested in its FRL if she hasn't already and if appropriate.

But it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. Given the lack of obvious indicators of an inability to make the monthly repayments in the information Mr Lender did obtain, I don't think that reasonable and proportionate checks would have extended into requesting the information that would have shown Mrs R's personal issues at the time.

At best, even if I were to accept that further checks were necessary, which I'm not necessarily persuaded is the case here, any such checks would only have gone as far as finding out more about Mrs R's regular living costs. And I don't think that conducting a full financial review – which was really the only way that it might have been able to find out the full extent about Mrs R's circumstances - was the only way that Mr Lender could have done this. But I think going as far as this would have been disproportionate given the circumstances. And given the fact that Mrs R wanted this loan, I'm not sure she would have disclosed her full financial situation in the knowledge that if she had, the loan may not have been approved. I say this as Mrs R had the opportunity to answer yes on her application for this loan when asked about any addictions but instead chose to tick the no box. I understand why Mrs R may have not disclosed this fact at the time, but had Mrs R said yes, it would have allowed Mr Lender to consider this before it agreed to lend and conduct further checks it deemed necessary.

As this is the case, I don't think that Mr Lender did anything wrong when deciding to lend this first loan to Mrs R - it carried out proportionate checks (albeit I accept that Mrs R doesn't agree that these went far enough) and reasonably relied on what it found out which suggested the repayments were affordable.

#### *Mr Lender's decision to lend £400 to Mrs R on 3 May 2024*

Mr Lender granted a second loan to Mrs R for £400 on 3 May 2024. This loan had monthly repayments starting at £146 and reducing to £83 a month, with a total repayable of £723. Mrs R declared she was still working full time with an increased income of £2,783 and a total expenditure, which had also increased of £2,383.

Mr Lender, again, confirmed Mrs R's income and from its checks established there was no recent adverse information on her credit file. And this still left a disposable income of £400 to meet new loan repayments.

As there was no recent adverse information and nothing obvious to suggest to Mr Lender that Mrs R may be compulsively gambling, I'm satisfied that it made a fair lending decision after completing proportionate checks. And again, and for the reasons I've already highlighted, I don't think it would have been proportionate to conduct a full financial review in these circumstances. Mr Lender also took into consideration how Mrs R had managed her previous loan repayments. Although Mrs R did request to make two interest only repayments

on the first loan, as I've already explained, this wouldn't necessarily indicate financial hardship but would allow her the flexibility to manage her credit commitments.

So overall I don't think that Mr Lender treated Mrs R unfairly or unreasonably when providing her with her loans. And I'm not upholding Mrs R's complaint. I appreciate this will be very disappointing for Mrs R as I can see that she feels strongly about this matter. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

*Did Mr Lender act unfairly in any other way*

I've also considered whether Mr Lender acted unfairly or unreasonably in any other way, including whether the relationship between Mrs R and Mr Lender 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 Mrs R 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'm not upholding Mrs R's complaint against PDL Finance Limited trading as Mr Lender.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 21 October 2025.

Paul Hamber  
**Ombudsman**