

The complaint

Ms C complains that Lendable Ltd was irresponsible in its lending to her.

What happened

Ms C was provided with a £10,000 loan by Lendable in March 2021. The loan term was 60 months, and Ms C was required to make monthly repayments of £261.86.

Ms C said that the loan was unaffordable and that she was struggling financially at the time. She said her bank statements showed she was at the limit of her overdraft and that she has had to take out further credit to make the repayments and pay her essential costs.

Lendable issued a final response to Ms C's complaint dated 5 February 2025. It said that on receipt of Ms C's loan application it carried out credit and affordability checks. It found that Ms C was managing her existing credit well and noted that this loan was intended for debt consolidation. It said Ms C declared she was working part time, and it was able to confirm her income. Lendable said there were no significant factors that suggested the loan would be unaffordable and didn't accept that it had lent irresponsibly.

Ms C referred her complaint to this service.

Our investigator upheld this complaint. He noted that Ms C's credit checks showed she had a significant amount of debt compared to her income and while the loan was intended for debt consolidation this would not remove all of her existing debt. Because of this he thought further checks should have been undertaken to ensure that the loan repayments would be affordable for Ms C.

Our investigator then considered what would likely have been identified had further checks taken place. He found that further checks would likely have shown the loan to be unaffordable for Ms C.

Lendable didn't accept our investigator's view. It said that based on its calculation of Mr C's income and essential expenses from her bank statements that the loan repayments were affordable. It reiterated that the loan purpose was stated as consolidation and said that from a review of Ms C's credit file she appeared to have used the loan proceeds as intended.

Our investigator responded to Lendable's comments and carried out a further income and expenditure assessment. However, he still found the loan to be unaffordable for Ms C.

As a resolution wasn't agreed, this complaint was passed to me, an ombudsman, to issue a decision.

My provisional conclusions

I issued a provisional decision not upholding this complaint. The details of the decision are set out below.

Before the loan was provided, Lendable gathered information about Ms C's employment and income and her residential status. Ms C declared she was working part-time with a net monthly income of £1,237 and paying rent of £100 a month. The income was verified using credit reference agency data. A credit check was undertaken which showed Ms C had existing debt of around £15,054 consisting of a loan, credit cards and a mail order account.

While Ms C's credit check didn't record any adverse information such as defaults, county court judgments or arrears, it did show she had a reasonably high amount of debt. The Lendable loan was intended for debt consolidation, and I think it reasonable that Lendable factored this into its assessment but even based on Ms C using the loan to repay her credit card and mail order accounts this would still leave her with another loan alongside the Lendable loan. The combined repayments on these loans would account for more than 40% of her net monthly income and so I think in this case Lendable needed to carry out further checks before lending to ensure it had a good understanding of Ms C's income and expenses to ensure the repayments would be affordable for her.

As I think further checks should have taken place, I have looked through Ms C's bank statements to understand what these would likely have identified. In the three months leading up to the loan application, Ms C received a regular income into what appears to be her main account averaging around £1,207 which is in line with the amount she declared and was verified. Additional to this she received income from benefits. This gave her a total average monthly income of around £1,588. Additional to this, Ms C was receiving regular amounts each month into this account from another party of over £1,000. From this account, Ms C was paying for costs such as her credit commitments, insurances, utilities and other regular outgoings. Ms C's credit costs before the Lendable loan were around £780. Her other regular costs from this account averaged around £200 and she made payments for other living costs such as food and fuel averaging around £400 a month. So, considering the income and expenses from what appears to be Ms C's main account, her total income (from salary and benefits) was around £1,588 and her total outgoings including food and fuel were around £1,380.

Ms C had two other accounts. One was used for transferring between accounts, the other had household costs being paid out. This account showed payments for housing costs and utilities as well as communications contracts. These totalled around £1,040 a month. However, Ms C received a similar amount into this account from another party each month titled bills. Therefore, it doesn't appear that there was a net cost to Ms C for these expenses. There were however additional payments from this account for food and fuel averaging around £167 a month.

Ms C said the Lendable loan was for debt consolidation. Given her credit card and mail order accounts totalled around £10,000 at the time, I think it reasonable to say these would be cleared by the Lendable loan. This would leave Ms C with a loan with monthly repayments of £298 along with the repayments due on her Lendable loan. This would give total credit commitments of around £560, reducing Ms C's previous costs.

In summary, post the Lendable loan, Ms C would have total credit commitments of around £560. Her regular costs for food and fuel from both accounts totalled around £517. Ms C was paying for regular household expenses from her main account of around £200 but the expenses from the other account were covered by another party. This gives total costs for Ms C of around £1,327. Given Ms C's income averaged around £1,588 and she received an additional £1,000 from another party each month, I do not find I can say that further checks would have shown this loan to have been unaffordable for Ms C.

I've also considered whether Lendable acted unfairly or unreasonably in some other way given what Ms C has complained about, including whether its relationship with her 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 Lendable lent irresponsibly to Ms C 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.

Ms C didn't accept my provisional decision. She said that the £1,000 monthly payments referenced was not discretionary income but a contribution to bills from her partner which was already referenced in the comment about the second account where it states the expenses were covered by another party. She explained that she was consistently £300 into her overdraft each month showing a shortfall in managing her existing commitments. Ms C also noted that part of her income included benefits for her son's disability which she said weren't discretionary and were used to meet his specific needs.

Ms C said that even accepting the figures, a monthly surplus of £261 was extremely tight for a £10,000 loan and didn't allow for unexpected expenses, emergencies, or the financial volatility of a household reliant on benefits and overdraft facilities.

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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

I would like to thank Ms C for her comments in response to my provisional decision. I have reconsidered this complaint in light of these, however my conclusion hasn't changed. As I noted in my provisional decision, Ms C provided copies of her account statements. These show one account being mainly used for transfers and another which is used for household bills but these are covered by payments into the account from a third party. Ms C's main account shows her income and benefits receipts and some regular costs. I appreciate the comment Ms C has made about the payments into this account of around £1,000 a month being a contribution towards bills from her partner. I accept this. I note her comment about this already being covered by the comment about the payment into her other account for bills. However, the payments into Ms C's main account are separate to those made into her other account and while the amounts varied, I think it reasonable to consider this as money available for her costs.

Ms C has explained that part of the benefits she received are to meet the needs of her disabled son. I have taken this into account but also that Ms C was receiving a regular income from benefits which would be available to set against her costs. Taking everything into account, while I appreciate that Ms C wasn't left with much disposable income after her costs, given the information I have seen, and noting that the loan was intended for debt consolidation which would reduce Ms C's regular credit costs, I do not find I can say that further checks would have shown the loan repayments to be unaffordable for Ms C.

So, for the reasons I set out in my provisional decision and above, I do not find I can say that Lendable was wrong to provide this loan.

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 Ms C to accept or reject my decision before 23 October 2025.

Jane Archer
Ombudsman