

Complaint

Miss B has complained about a loan Admiral Financial Services Limited (trading as “Admiral Money”) provided to her. She says that the loan was unaffordable given her circumstances at the time.

Background

Admiral Money provided Miss B with a loan for £5,000.00 in November 2024. It had an APR of 26.29% and a 12-month term. This meant that the total amount to be repaid of £5,734.20, which included interest, fees and other charges of £734.20 was due to be repaid in 12 monthly repayments of £477.85.

One of our investigators reviewed what Miss B and Admiral Money had told us. And she thought that Admiral Money hadn’t acted unfairly or lent irresponsibly. So she didn’t uphold Miss B’s complaint.

Miss B disagreed and asked for an ombudsman to look at her complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Miss B’s complaint.

Having carefully considered everything, I’m not upholding Miss B’s complaint. I’ll explain why in a little more detail.

Admiral Money needed to take reasonable steps to ensure that it didn’t lend irresponsibly. In practice, what this means is that Admiral Money needed to carry out proportionate checks to be able to understand whether Miss B could afford to make her repayments before providing this loan.

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 provide loans to a customer irresponsibly.

Admiral Money says it approved Miss B’s application after she provided details of her monthly income which it cross-checked against information from credit reference agencies

on the amount of funds going into her main bank account each month. It says it also carried out a credit search which showed Miss B's existing commitments were relatively well maintained at the time.

In Admiral Money's view all of the information it gathered showed that Miss B could afford to make the repayments she was committing to. On the other hand, Miss B has said she already had significant debts and couldn't afford to take on any further borrowing.

I've carefully thought about what Miss B and Admiral Money have said.

As Admiral Money asked Miss B about her income and expenditure and also carried out a credit check, it's clear that Admiral Money did obtain a reasonable amount of information before it decided to proceed with Miss B's application. Having looked at the credit check, it's clear Miss B had some existing debts.

However, while I accept that Miss B might not agree with this, I don't think that these were excessive. This is especially as the information from the time shows that Miss B's selected loan purpose was consolidation of her existing debts. Furthermore, as there wasn't anything in the credit checks to indicate that Miss B had any significant adverse information – such as defaults or county court judgments ("CCJ") – recorded against her there wasn't anything to indicate that she was struggling to manage the debts she had.

I don't know whether Miss B did go on to consolidate some of her other debts with the proceeds of this loan. In any event, Admiral Money won't have known whether Miss B would actually pay off any existing balances – all it could do was take reasonable steps and rely on assurances from Miss B that this would be done. And I'm satisfied that the proceeds of this loan could and should have been used to clear a proportion of the existing debt that Miss B had and which she is now arguing meant that she shouldn't have been provided with this loan.

There is an argument to say that bearing in mind the amount of the monthly payment, at the absolute most, Admiral Money ought to have found out more about Miss B's actual regular living expenses, rather than relying on statistical data, bearing in mind the monthly payment and the term of this loan.

However, the information Miss B has provided doesn't show me that her actual monthly living expenses were significantly higher than any estimates that Admiral Money relied on. Indeed, I note that Miss B declared that she had been living at home with parents at the time of this application. Furthermore, the length of time she'd been at the address suggested that this was plausible and the information that she has provided also appears to show that her monthly living expenses were low, perhaps as a result of this.

I accept that Miss B's actual circumstances at the time are likely to have been significantly worse than what Admiral Money found out more than about her committed living expenses is more likely than not to have shown. I note that Miss B has referred to having issues with gambling and so she shouldn't have been provided with the loan on this basis.

I can see that there are significant amounts of gambling transactions going out of her accounts. I accept that it is possible – but by no means certain – that if Admiral Money had seen what Miss B has provided now, it may have made a different decision on whether to lend.

However, I have to consider the fact that Admiral Money didn't have Miss B's bank statements. Given the circumstances here as well as what I think that Admiral Money needed to find out, I don't think that reasonable and proportionate checks would have

extended into obtaining bank statements from Miss B – especially as bank statements weren't the only way that Admiral Money could find out about Miss B's living expenses in the first place.

In these circumstances, I don't think that Admiral Money finding out more about Miss B's regular living expenses would, in any event, have resulted in it determining that Miss B would be unable to make the monthly payment on this loan.

As this is the case, while I sympathise with Miss B's situation and I'm sorry to hear about her gambling, I don't think that Admiral Money did anything wrong when providing this loan to Miss B - it is arguable that it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable. But even if Admiral Money had asked Miss B for more information about her regular living costs and contractually committed expenditure here this wouldn't have made a difference to its decision to lend.

In my view, this would have simply reinforced the notion that if Miss B did go on to repay some of her existing debts with the proceeds from this loan in the way that she said she would, she could end up in a better financial position. And I can't hold Admiral Money responsible for the fact that Miss B may have gone on to re-establish balances on any revolving credit accounts either.

In reaching my conclusions, I've also considered whether the lending relationship between Admiral Money and Miss B might have been unfair to Miss B under s140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Admiral Money irresponsibly lent to Miss B or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that s140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

So overall and having considered everything, I'm satisfied that Admiral Money didn't treat Miss B unfairly or unreasonably when lending to her. And I'm not upholding Miss B's complaint. I appreciate this is likely to be very disappointing for Miss B. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

Although I'm not upholding Miss B's complaint, I would remind Admiral Money of its obligation to exercise forbearance and due consideration given what Miss B has said about her financial situation during the course of this complaint and it be the case that she experiences difficulty making her repayments going forward.

I would also encourage Miss B to get in contact with and co-operate with any steps that may be needed to review what, if anything, she might be able to repay going forward should she be having difficulty. Miss B may be able to complain to us – subject to any jurisdiction concerns – should she be unhappy with Admiral Money's actions in relation to exercising forbearance over the remainder of the term.

My final decision

For the reasons I've explained, I'm not upholding Miss B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 31 October 2025.

Jeshen Narayanan
Ombudsman