

The complaint

Miss H says Admiral Financial Services Limited irresponsibly lent to her.

What happened

In September 2024 Miss H took out a loan for £19,500 from Admiral. The term was 60 months with monthly repayments of £444.78. The APR was 13.6% and the total repayable was £26,686.60.

Miss H says she shouldn't have been given this loan and it has caused her financial difficulties.

Admiral says it carried out appropriate checks that showed Miss H could afford the loan.

Our investigator did not uphold Miss H's complaint. He found that Admiral's checks were proportionate and did not suggest Miss H would have any issues repaying the loan.

Miss H disagreed with this assessment and asked for an ombudsman's review. She said it is clear that Admiral didn't carry out the checks required for a loan of £19,500. If it did it would have become clear that the loan was not affordable, and that a repayment amount of £445 would not, and does not fit into her budget. She submitted evidence showing her actual income and outgoings at the time.

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 approach to considering unaffordable and irresponsible lending complaints on our website including the key relevant rules, guidance and good industry practice. I've had this approach in mind when considering Miss H's complaint.

Admiral needed to take reasonable and proportionate steps to ensure that it didn't lend to Miss H irresponsibly. This means it should've carried out reasonable and proportionate checks to satisfy itself that Miss H could repay the loan in a sustainable way. These checks could take into account a number of things such as the loan amount, the repayment amount and Miss H's income and expenditure.

This means to decide this complaint I need to consider if Admiral's checks were proportionate; if so, did it make a fair lending decision; if not, what would proportionate checks most likely have shown; and finally, did Admiral act unfairly towards Miss H in some other way.

I've looked at the checks Admiral carried out. It asked Miss H for her income and verified this externally. It estimated her living costs based on national statistics. It carried out a credit check to understand her existing credit commitments and credit history. From this it also learnt her housing costs as she had a mortgage. It asked about the purpose of the loan

which was debt consolidation. Based on these checks combined Admiral concluded Miss H had the monthly disposable income to take on this loan.

I think these checks were proportionate given the nature and purpose of the loan and the stage in the lending relationship. And I think Admiral made a fair lending decision based on the information it gathered. I'll explain why.

Miss H declared an annual income of £37,305. Admiral was able to verify her income through one of the credit reference agencies to be £35,445 and so used a net monthly income figure of £2,420. It deducted 5% of this for pension contributions. Her housing costs were £468 and it estimated Miss H's living costs to be £523.62. Her existing credit commitments came to £659 meaning Miss H would have around £200 disposable income after taking on this loan. However, this would increase as her total credit commitments would fall to £502. This loan would enable her to settle the majority of her other debts leaving just a credit card balance of £1,842 and this loan. So, the loan was affordable on a pounds and pence basis.

From the credit checks Admiral could see Miss H had around £21,342 of unsecured debt. All her accounts were up to date and there was no historic adverse data on her file. Miss H had opened just one new account in the last six months and was not using an overdraft facility. So there were no signs of financial strain. And the purpose of this loan was debt consolidation. It was reasonable for Admiral to believe Miss H would use the loan for its stated purpose. She had no history of applying for loans to settle other debts and then returning to borrow again after having failed to do so.

It follows I think it was fair for Admiral to lend to Miss H.

I have considered Miss H's comments carefully, but I do not agree that Admiral needed to carry out a fuller financial review before lending. The regulations require that a lender independently verifies an applicant's declared income – which it did - and allows that national statistics can be used to estimate outgoings. There was nothing on the credit check that I find ought to have triggered further checks.

To be clear, I am not disputing Miss H's testimony that she did not have the disposable income calculated, rather I am saying that in the circumstances of this application it would not have been proportionate for Admiral to carry out the level of checks needed to possibly discover this. I am sorry Miss H went on to struggle financially and I hope she now has the support she needs. I would remind Admiral of its obligation to treat Miss H positively and sympathetically, offering the necessary forbearance as they work together to agree an affordable payment plan for the balance of the loan.

I have not seen any evidence that Admiral acted unfairly towards Miss H in some other way. I've considered 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 Admiral lent irresponsibly to Miss H 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

I am not upholding Miss H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 17 February 2026.

Rebecca Connelley
Ombudsman