DRN-5892704

The complaint

Ms Y says Lendable Ltd irresponsibly lent to her.

What happened

Ms Y took out a 60-month instalment loan for £5,000 from Lendable on 2 February 2023. There was a loan fee of £370 and the monthly repayments were £169.17.

Ms Y says Lendable should not have lent to her. The loan was not affordable based on her circumstances at the time and it may not have met responsible lending standards.

Lendable says its checks were adequate and showed Ms Y could afford to take on the loan.

Our investigator did not uphold Ms Y's complaint. They said Lendable's checks were proportionate and did not show anything that suggested the loan would not be sustainably affordable for Ms Y.

Ms Y disagreed and asked for an ombudsman's review. She said, in summary, she was vulnerable when she applied and already struggling financially. She is now undergoing assessments for ADHD and autism so she may have been vulnerable to poor financial decisions or pressure at the time. Lendable did not complete adequate checks into either her vulnerability or the affordability of the loan. There was a lack of transparency about the total cost of the loan, and she was given no meaningful support that acknowledged her situation. This borrowing has had a significant emotional toll on her, contributing to stress and anxiety.

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 approach to unaffordable/irresponsible lending complaints is set out on our website and I've followed it here.

The rules and regulations when Lendable lent to Ms Y required it to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an affordability assessment or an affordability check. The checks also had to be borrower-focused. So Lendable had to think about whether repaying the credit sustainably would cause any difficulties or adverse consequences for Ms Y.

In other words, it wasn't enough for Lendable to simply think about the likelihood of it getting its money back, it had to consider the impact of the repayments on Ms Y. Checks also had to be proportionate to the specific circumstances of each loan application. In general, what makes up a proportionate affordability check will be dependent upon a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, and any indications of vulnerability or financial difficulty) and the amount, type and cost of credit they have applied for.

In light of this, I think that a reasonable and proportionate check ought generally to have been more thorough:

- the lower a customer's income (reflecting that it could be more difficult to make any repayments to credit from a lower level of income);
- the higher the amount due to be repaid (reflecting that it could be more difficult to meet higher repayments from a particular level of income);
- the longer the period of time a borrower will be indebted for (reflecting the fact that the total cost of the credit is likely to be greater and the customer is required to make repayments for an extended period).

There may also be other factors which could influence how detailed a proportionate check should've been for a given application – including (but not limited to) any indications of borrower vulnerability and any foreseeable changes in future circumstances.

I've kept all of this in mind when thinking about whether Lendable did what it needed to before agreeing to lend to Ms Y. So to reach my conclusion I have considered the following questions:

- did Lendable complete reasonable and proportionate checks when assessing Ms Y's loan application to satisfy itself that he would be able to repay the loan in a sustainable way?
- if not, what would reasonable and proportionate checks have shown?
- did Lendable make a fair lending decision?
- did Lendable act unfairly or unreasonably in some other way?

I can see Lendable asked for some information from Ms Y before it approved the loan. It asked for details of her monthly income and verified this with a third-party source that reviewed her current account turnover. It estimated her housing and living costs using national statistics. It checked Ms Y's credit file to understand her credit history and current commitments. It asked about the purpose of the loan which was debt consolidation. From these checks combined Lendable concluded Ms Y had enough monthly disposable income to afford to repay the loan.

I think these checks were proportionate and did not show any indications that Ms Y was struggling financially and could not sustainably afford this loan. I'll explain why.

Ms Y declared a monthly income of £1,242 and Lendable's external checks verified this was accurate over the last 3 and 12 months with the highest confidence rating. So I don't think Lendable needed to ask for bank statements or payslips. This is not something lenders are obliged to do. Lendable has confirmed had there been any discrepancy between Ms Y's declaration and its checks it would have asked for proof of income, but it did not need to so in this case. I find this to be fair and reasonable.

After deducting her non-discretionary costs (housing, living and credit), and after taking into account the savings Ms Y would make through settling other debts, Ms Y would have £358.34 income remaining. So it was fair to conclude she could afford this loan with its monthly repayments of £169.17. Lendable could only make a reasonable decision based on the information it had available at the time. All Lendable could do was take reasonable steps to ensure the payments would be affordable for Ms Y. And as Ms Y didn't have a history of applying for loans with Lendable for consolidation purposes and then returning for further funds after having failed to consolidate as she said she would, I think Lendable was reasonably entitled to believe the funds would be used for the stated purpose.

The credit check showed Ms Y was up-to-date with her active accounts and was not over-indebted – she had £2,893 of credit card balances which was 54% of her available revolving credit. She also had no adverse data from the previous 36 months on her file. After taking on this loan and using it for debt consolidation, she would be spending around 15% of her income on credit. This is not a level such that I would expect Lendable to be concerned or to carry out a fuller financial review. Ms Y had no other credit searches on her file from the last three months suggesting she was not overly reliant on credit. Nor was she using the overdraft facility on her current account or payday loans. So I can't say there were any signs of financial difficulty that Lendable missed.

It follows I find Lendable wasn't wrong to give the loan to Ms Y.

Did Lendable act unfairly or unreasonably in some other way?

Ms Y says Lendable did not consider her vulnerabilities but I have found no evidence that it was aware that she may struggle with financial decisions. Ms Y also said she felt pressured. However as she applied online via a third party I cannot find any evidence to support this claim. She is also unhappy that the cost of the loan was not made clear. But it was set out in full in both the pre-credit contract information and the credit agreement that she signed to accept. Ms Y had to actively engage in the application process so I think she was made aware of what she was agreeing to pay. I anticipate she might feel that the information needed to be presented in a certain way given the needs she may have, but as I said above Lendable wasn't aware at the time so I cannot fairly expect it to have made any adjustments.

I've also considered whether the relationship might have been unfair under Section140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Lendable lent irresponsibly to Ms Y 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 Ms Y's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms Y to accept or reject my decision before 18 December 2025.

Rebecca Connelley
Ombudsman