

## **The complaint**

Mr M complains that Lendable Ltd irresponsibly provided him a loan.

## **What happened**

In July 2024, Mr M took out a loan with Lendable; he borrowed £4,000 over a term of 60 months, with regular monthly repayments of £156.22.

A few months later, in January 2025, Mr M complained to Lendable. He said, in summary, that he thought it had irresponsibly provided the loan. Mr M held the view that Lendable hadn't conducted suitable checks before approving his application, and he thought the interest rate was excessive. In response, Lendable didn't uphold Mr M's complaint; it defended its decision to lend, and it said it had carried out suitable checks in the circumstances. Unhappy with that, Mr M contacted this Service for an independent review and an Investigator here looked at what had happened.

In summary, the Investigator said:

- Lendable had to conduct proportionate checks to ensure any lending was sustainable; here, though, it hadn't done that. It had assessed Mr M's affordability by using some estimated figures – even though it had access to more detailed information, specific to Mr M, which it really ought to have used.
- Even so, while the checks Lendable completed weren't proportionate here, the decision to lend still wasn't unreasonable or irresponsible. That's because the overall data Lendable did gather, and should've used, suggested that the loan was affordable for Mr M.
- Overall then, Lendable hadn't acted irresponsibly in providing Mr M the loan.

Mr M disagreed; he explained how his position was much worse than what Lendable's checks had – or should have – uncovered. While things may have looked fine on the surface, Mr M said he was managing to stay afloat by borrowing from friends and family – as well as other credit providers. So, even if his current account might've appeared to be at a healthy balance, and his credit file unblemished, this wasn't the true position.

Our Investigator reconsidered in light of Mr M's comments, but they didn't change their mind. So, as no agreement has been reached, Mr M's complaint has been passed to me to decide.

## **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.

Fundamentally, when it received an application for credit from a customer like Mr M, Lendable needed to make sure that it didn't lend irresponsibly. In practice, what this means is that it needed to carry out proportionate checks to be able to understand whether Mr M could make his payments in a sustainable manner before agreeing to lend. If Lendable *didn't*

do that, and the checks it carried out weren't proportionate in the circumstances, then I'll need to consider what reasonable and proportionate checks are likely to have shown.

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 that information – in the early stages of a lending relationship. That said, we might think it needed to do more if, for example, a borrower's income was low; or if the information the lender had – such as a significantly impaired credit history – suggested it needed to know more about a prospective borrower's ability to repay.

Looking at what Lendable did here, before approving Mr M's application, I can see it carried out a check into Credit Reference Agency ("CRA") data, so as to build a view of Mr M's existing credit commitments and how he was managing them. It also conducted an income and expenditure affordability assessment. The CRA data suggested Mr M's existing commitments were up to date and being managed well; Lendable also verified Mr M's declared income using a third-party report, which determined the figure he'd provided was generally accurate. So, on the face of it, Mr M was managing his commitments well and he'd provided a correct income figure.

That said, when looking at Mr M's expenses as part of its affordability calculations, Lendable used estimates; and much like our Investigator, I don't think that was appropriate in the circumstances. I say that because it appears, as part of its checks, Lendable retrieved some Open Banking data; this would've provided Lendable with more specific information – directly relevant to Mr M alone – which, in turn, would've allowed for a more comprehensive and precise assessment of his individual circumstances. Given it seems Lendable decided to use estimates, and not the Open Banking data it had, I can't reasonably say the checks it carried out here were proportionate overall.

I don't, though, think that means Lendable acted irresponsibly when it provided Mr M the loan. As I've said, CRA data showed no recent defaults nor missed payments; no County Court Judgments, or Individual Voluntary Arrangements, were recorded against him either. Mr M's income was reasonably determined to be accurate following the measures Lendable took to verify it and, having reviewed the Open Banking data, I don't think Lendable would've found cause for concern there either. Mr M's account showed a healthy turnover, there was no indication that he'd be unable to afford his essential expenses, his existing commitments, and this loan; nor that he'd have no disposable income left to deal with unexpected costs.

Mr M has explained that the impression given by the results of Lendable's checks – and the Open Banking data – wasn't the true picture. I've no reason to doubt that, and what he's said about borrowing from other sources to maintain the effect of managing his finances is entirely plausible. But Lendable wouldn't have known that, even if it did use the Open Banking data I think it ought to have used. Simply put, there was no requirement for Lendable to forensically review Mr M's outgoings or current account conduct. Instead, if it had taken steps to understand more about his income and committed essential expenditure by reviewing the Open Banking data, then it would likely have only gathered the same information I've referenced here. Consequently, I think it would've reasonably determined that Mr M was broadly managing things well, and that he could afford the loan he'd applied

for.

That isn't a failing on Lendable's part. On that basis, I can't reasonably say its decision to lend here would've been different if it had carried out further review of Mr M's circumstances – or that it was irresponsible. That will, of course, significantly disappoint Mr M; that's entirely understandable, and I'm well aware his situation was worse than it appeared. The fact is, though, that I can't use hindsight here. Lendable was entitled to rely upon the information available *at the time*, and even if it had carried out more in-depth checks, for the reasons I've explained, I think it still likely would've lent.

Aside from the lending itself, for completeness, I'll also say that I don't consider Lendable to have treated Mr M unfairly or unreasonably in regard to the interest rate it applied to his loan. I say that for much the same reasons as our Investigator; Lendable was clear, throughout, about the interest rate it was willing to offer Mr M – which he accepted.

I noted too that Mr M mentioned some other concerns about documentation he says wasn't provided at the time; he's also raised points about the mechanics of the loan and how interest was applied, as well as a lack of clear explanation. I can't see that Mr M raised these issues as part of his complaint to Lendable, or that it's had the chance to respond to them, and that generally prevents me from addressing those issues here. So, if Mr M remains unhappy with other aspects of this loan, which Lendable hasn't been given the chance to respond to yet, he can follow that up separately if he chooses.

In closing, and to be clear, I'm not saying that Mr M wasn't – or isn't now – under financial pressure. It's just that here, in these circumstances, Lendable didn't discover that; nor do I think it likely that Lendable would have discovered that, even if it did carry out further checks. And that's something I don't consider a failing, for the reasons I've explained.

Fundamentally, as with any complaint, the key point to remember here is that it's only fair and reasonable for me to uphold a complaint in circumstances where I can conclude a business did something wrong. Here, I don't think Lendable could have known – or ought to have known – that the payments for this loan were unaffordable at the time of lending. So, for the reasons I've already given, I can't fairly conclude that Lendable acted irresponsibly or otherwise treated Mr M unfairly in relation to this matter; it follows that I don't uphold the complaint. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

## **My final decision**

My final decision is that I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 November 2025.

Simon Louth  
**Ombudsman**