

## **The complaint**

Miss B complains that Admiral Financial Services Limited (Admiral) was irresponsible in its lending to her.

## **What happened**

Miss B was provided with a loan by Admiral on 14 September 2024. The amount of credit was £22,000, repayable over 36 months at an interest rate of 8.8% APR with a monthly payment of £697.01.

Miss B says that Admiral did not complete adequate checks when lending to her. She says she wasn't able to afford the loan and said the monthly loan payments were a third of her income and she already had multiple outgoings. The loan was to help with vehicle maintenance not to consolidate debts, so with the debts and outgoings she had at the time of taking the loan combined with the new loan amount, it should've been clear the loan was unaffordable.

Admiral investigated Miss B's complaint, although I note that Miss B was disappointed with the investigation as Admiral did not request any supporting information from her or try to contact her to discuss the complaint.

Admiral said it could see no errors in the service Miss B received, and that it conducted all standard checks, including an affordability assessment and a review of her credit file. Based on its review, it found no reason to reject the application. It said its checks were fair and proportionate and therefore it did not uphold Miss B's complaint.

Miss B did not agree and referred her complaint to our service.

Our investigator reviewed the case and concluded that the checks carried out were not proportionate, and that had they been, they would have shown that the loan was not affordable for Miss B. He has therefore recommended that Miss B's complaint should be upheld.

Admiral doesn't agree and has said that it carried out proportionate checks and made a fair lending decision. It did not agree that bank statement checks were necessary and also challenged some of the information provided in screenshots from Miss B's bank account.

Our investigator asked for and considered further information from Miss B explaining the detail shown in the screenshots, specifically relating to the 'pots' in her Monzo current account and how these operated.

The investigator's view remained unchanged, and as an agreement couldn't be reached, the case was passed to me to decide.

## **What I've decided – and why**

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Having done so, I've reached the same outcome as the Investigator. I'll explain my reasons why.

Firstly, I'd like to acknowledge both parties for providing detailed information throughout the investigation of this complaint. In addition, I'd like to thank Miss B for sharing details of the difficulties she's encountered in relation to her finances and how this has impacted her.

Whilst I note Admiral's comments that Miss B only defaulted on the loan in January 2025, which she said was as a result of being made redundant, I haven't taken this into account as I have focused on Miss B's situation at the time she applied for the loan. So I've focussed on the checks Admiral did at the time of application, and what information they'd gathered about Miss B.

Miss B's declared housing costs were £350 which differed significantly from mortgage costs shown on her credit file. Her credit file, which was available to Admiral at the time of the application and reviewed as part of their checks, showed two mortgages with monthly repayments totalling around £4,100.

I accept that these are joint mortgages, which are often repaid in unequal proportions, but I agree with our investigator that this still should've prompted Admiral to carry out further checks. The declared figure of £350 is less than 10% of the total figure and therefore seems very low. The investigator checked whether one of the mortgages related to a rental property, but Miss B confirmed that they are a first and second charge mortgage on her jointly owned house so there was no rental income to take into account.

I've noted Admiral's position that their further checks would just have involved speaking to Miss B to verify the figures, and that false or inaccurate information can just as easily be given over the phone. But considering the significant amount of the monthly repayments – nearly £700 – and the discrepancy on her credit report regarding her credit commitments, I think Admiral ought to have gone further than just speaking to Miss B and reviewed statements.

I therefore agree with our investigator that Admiral did not carry out reasonable and proportionate checks.

But, in this circumstance, I have to consider whether reasonable and proportionate checks would more likely than not have shown that Miss B was more likely than not unable to sustainably repay what she was being lent.

In order to consider what proportionate checks would have shown if they were done at the time, I've considered Miss B's current account statements from the time and reviewed what she's told us about her contributions to the two mortgages.

She confirmed that she contributes around half of the monthly repayment towards the mortgages, although sometimes less depending on her affordability due to variations in the commission she earns. She provided screenshots of her contributions to mortgages and bills in the three months prior to the loan application, which I can see were mostly significantly lower than half of the total amount, but still higher than the originally declared figure.

I completed an income and expenditure assessment based on the three months leading up to the loan application. It showed that over the three months prior, Miss B's average income was £3,367 and her average outgoings, if they included the loan repayment of £697.01, would've been £3,403, leaving her without any disposable monthly income.

Having reviewed all the information, I agree with the investigator that, had Admiral carried out proportionate checks, it would've been clear that the decision to lend to Miss B would've been unfair and would potentially push her into financial difficulty. Therefore it follows that I think Admiral was irresponsible when lending to Miss B as the repayments weren't affordable or sustainable for her when considering her income and existing commitments.

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

However, I'm satisfied that what I direct Admiral to do in the section below results in fair compensation for Miss B given the overall circumstances of her complaint. For the reasons I've explained, I'm also satisfied that, based on what I've seen, no additional award is appropriate in this case.

### **Putting things right**

It is reasonable that Miss B repays the capital she borrowed as she has had the benefit of that money. But she has paid interest and charges on a loan that should not have been given.

So, to put things right Admiral should:

- Refund/remove all interest and charges and treat all repayments Miss B made as repayments of the capital.
- If this results in any overpayment, this should be refunded to Miss B along with 8% simple interest (calculated from the date the overpayments were made to the date of the settlement.\*
- If this results in there being an outstanding capital balance, Admiral must agree an affordable repayment plan with Miss B.
- Remove any adverse information from Miss B's credit file once any outstanding capital balance has been repaid.

\*HM Revenue & Customs requires Admiral to take off tax from this interest. Admiral must give Miss B a certificate showing how much tax it's taken off if she asks for one.

### **My final decision**

It follows that I'm upholding this complaint as I don't think Admiral Financial Services Limited lent to Miss B responsibly when approving the loan.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 4 February 2026.

Hannah Poulton  
**Ombudsman**