

The complaint

Miss H is unhappy Lendable Ltd provided her with a loan which she feels was unaffordable. She explained that she was financially vulnerable at the time and not in a position to assess the long-term impact of taking out this loan.

What happened

Lendable provided Miss H with a loan for £5,650 in April 2021. The total amount repayable was around £8,682 and was due to be repaid in 59 monthly instalments of around £144 followed by a final payment of around £149.

Miss H complained to Lendable saying the loan was unaffordable. Lendable didn't uphold her complaint, explaining that they felt they had done enough checks before lending to her. So, Miss H brought the complaint to the Financial Ombudsman.

One of our investigators looked at Miss H's complaint but didn't find that Lendable had lent irresponsibly or that the loan was unaffordable. Miss H disagreed with our investigator, maintaining that Lendable's checks didn't go far enough and, as a result, they failed to identify she was a vulnerable consumer given her financial circumstances.

Because an agreement couldn't be reached, the 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.

Having done so, I'm not upholding Miss H's complaint. I know this is likely to come as a disappointment to Miss H, so I'd like to explain the reasons for my decision in a bit more detail.

The rules and regulations in place at the time Lendable provided Miss H with the loan required them to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable way. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower-focused'. This means Lendable had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Miss H. In other words, it wasn't enough for Lendable to consider the likelihood of them getting the funds back or whether Miss H's circumstances met their lending criteria – they had to consider if Miss H would be able to sustainably repay the lending being provided to her.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number

of factors including – but not limited to – the particular circumstances of the consumer and the amount, purpose and cost of credit they were seeking. I've kept all of this in mind when thinking about whether Lendable did what was needed before lending to Miss H.

Did Lendable carry out reasonable and proportionate checks?

Before approving the application, Lendable:

- Obtained Miss H's income from her application and verified this using data from the credit reference agencies ('CRA')
- Obtained Miss H's housing costs from her application
- Checked her credit file
- Calculated her monthly credit commitments and decided she had enough disposable income to afford her living costs and non-discretionary spending.

I think these checks were reasonable and proportionate in the circumstances. I say this because the credit check showed Miss H had little existing debt and she was managing her accounts well.

I appreciate Miss H has said that CRA data alone isn't a reliable measure of actual income, particularly in her circumstances. But the regulations specifically allow a business to use credit reference agency data to verify an applicant's income and there would need to be a good reason to say Lendable needed to do more. I also understand Miss H has told us she never declared a salary during the application process. However, Lendable have shown me an income figure was obtained during the application process, and I'm satisfied they were entitled to rely on this figure. I'm not persuaded it was necessary for Lendable to go further than they did.

There appears to have been some confusion about what employer and income Lendable relied on. I'd like to clarify that Lendable didn't ask for or rely on any employer details. They obtained an income figure of £1,700 during the application process and then verified a lower amount of £1,461 via the CRA, which they used this figure in their affordability assessment. The application also showed Miss H had no housing costs, which meant her essential living costs were likely to be fairly low.

In these circumstances, I'm satisfied it was reasonable for Lendable to rely on automated income verification rather than verify Miss H's actual income.

Did Lendable make a fair lending decision?

Just because I think the checks were proportionate based on Miss H's circumstances, it doesn't end there. I need to consider whether Lendable made a fair decision to lend.

Having looked at Miss H's credit file, I'm satisfied that it didn't suggest she was overindebted or struggling with her debt commitments. Miss H had a credit card account and an overdraft facility which she wasn't using at the time. I think it's fair to say this supports Miss H wasn't reliant on her existing lending facilities. She also had a hire purchase agreement and a personal loan which she appeared to be managing well, with no missed payments, underpayments or arrears in the months leading up to the loan application.

According to her credit file, Miss H's monthly debt commitment was £196. As the application showed she had no housing costs, this left her with £1,265 to afford her living costs and non-discretionary spending. So, I'm satisfied that Lendable acted fairly in deciding she likely had

enough disposable income to afford these costs as well as the new loan repayment of around £144.

I appreciate Miss H has provided us with a payslip which shows she was earning much less than the amount Lendable verified through the CRA. However, Lendable had no reason to doubt the information they received from the CRA and there were no other signs (for example from her credit file) that she might be earning less than they'd been able to verify. I'm satisfied it was reasonable for Lendable to rely on the results of the checks they carried out.

Miss H has also told us that she was consistently reliant on her overdraft between 2015 and 2020, indicating financial pressure. She mentioned taking out a loan in 2019 as well as continuing to rely on her overdraft. She feels Lendable should have considered this as indicators of vulnerability. I'm sorry to hear about what Miss H has been going through these past few years, and how her vulnerabilities have impacted her life. However, the credit file provided by Lendable shows that Miss G hadn't used her overdraft since at least August 2020. And the loan she'd taken out in 2019 was being managed well. So, I'm satisfied there were no obvious signs of financial difficulties.

Overall, I'm persuaded Lendable acted fairly when they provided this loan to Miss H. For the reasons I've explained, I'm satisfied they carried out reasonable and proportionate checks and the information they obtained suggested the loan would be sustainably affordable.

In reaching my conclusions, I've also considered whether the lending relationship between Lendable and Miss H might have been unfair to Miss H under s140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Lendable lent irresponsibly to Miss H or otherwise treated her unfairly. 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 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 12 February 2026.

Amelie Makris
Ombudsman