

## The complaint

Mr C complains that PDL Finance Limited trading as Mr Lender lent to him irresponsibly. Mr C says that the interest rates were too high.

## What happened

Here is a brief table to show the lending relationship.

Loan	Approved	Amount	Repayment (variable sums)	Repaid/status
1	9 August 2024	£300	3 monthly instalments. Highest was £150.40	1 October 2024 Repaid early
Three month gap				
2	4 January 2025	£400	5 monthly instalments. Highest being £189.60	1 April 2025 Repaid early

Mr C says that Mr Lender turned down his application for a loan on 4 October 2024 and again on 5 May 2025. Mr C says that if Mr Lender turned him down on those dates, it also ought to have turned him down for the two loans it approved for him. Mr C says he had a lot of debt when he applied for these loans.

After Mr C had complained and received the final response letter from Mr Lender, it was referred to the Financial Ombudsman. One of our investigators looked at it and did not think that Mr Lender needed to do more. Mr C disagreed. The unresolved complaint was 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.

We've set out our general approach to complaints about this type of lending - including all the relevant rules, guidance, and good industry practice - on our website.

Mr Lender had to assess the lending to check if Mr C could afford to pay back the amounts he'd borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. Mr Lender's checks could've taken into account several different things, such as how much was being lent, the size of the repayments, and Mr C's income and expenditure.

I think in the early stages of a lending relationship, less thorough checks might have been proportionate. But certain factors might suggest Mr Lender should have done more to establish that any lending was sustainable for Mr C. These factors include:

- having a low income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- The amounts to be repaid being especially high (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);

- having many loans from Mr Lender and/or having these loans over a long period (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable);
- Mr C coming back for loans shortly after earlier borrowing had been repaid (also suggestive of the borrowing becoming unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable for a customer. But I don't consider that this applied to Mr C's circumstances as he took two loans three months apart, and so no pattern had developed.

Mr Lender was required to establish whether Mr C could *sustainably* repay the loans – not just whether he technically had enough money to make his repayments. Having enough money to make the repayments could of course be an indicator that Mr C was able to repay his loans sustainably. But it doesn't automatically follow that this is the case.

TAC is a service provided by the Credit Reference Agency (CRA) Mr Lender used to verify Mr C's income for Loan 1 at £1,880 each month after tax. And at Loan 2 it has said that it verified his monthly income of £2,044 each month after tax by the use of open banking. Mr Lender explained: '*This is a third party that enables us to verify your salary payments, pay frequency and your employer.*'

Mr Lender has said it used Office of National Statistics (ONS) data to cross-check the expenditure figures Mr C had provided to it, and it carried out a credit search to assess Mr C's credit commitments.

On expenditure, Mr C had told Mr Lender that he was living at home with parents for both loan applications. So, the relatively low household outgoings Mr C told Mr Lender about would not have looked out of place as it's not likely that Mr C was paying full market rent plus bills to live at home. And further, I do not consider that Mr C would have been exposed to the risk of non-payment of priority bills and/or rent arrears likely to lead to problems with his money such that the repayments to the loans were at risk. I have taken this element into account when considering Mr C's complaint and the submissions made by Mr Lender.

The credit search Mr Lender carried out for both loans indicated that there was nothing there to cause it concern. Although the search results have been summarised for us and we do not have the full results, what those summaries show is that for both loan applications Mr C had no outstanding 'AAIs' – Advances against Income. It showed that Mr C had no markers showing insolvency, bankruptcy or judgment debts.

These details plus the figures provided to it for Mr C's expenditure showed that Mr C had enough disposable income to be able sustainably repay the loans. At Loan 1 it calculated Mr C had around £850 left over and at Loan 2 it was £832.

I've no details as to whether Mr Lender turned down Mr C's application for a loan in October 2024. Mr C says that this happened but I've received no evidence. I've thought about this. The decline, if there was one, could have been for a number of reasons, including the amount Mr C applied for and possibly that Mr Lender may not wanted to lend again so quickly.

In any event, even if it had declined his loan in October 2024, when Mr C reapplied in January 2025 (Loan 2), that was three months later. As such I'd not necessarily consider that it needed to have done more than it did when it assessed his Loan 2 application. At Loan 2 Mr C's income had increased. Mr C does not challenge the income figures. He was still living at home with his parents. And the credit search it carried out showed much the same as before. A request for £400 was not a large sum to apply for.

I see that Mr C has sent to us copies of one of his bank account statements and a personal credit file report dated August 2025. I have not considered I need to review those as it would have been disproportionate for Mr Lender to have asked for these. I did use the financial evidence Mr C sent to us to cross-check whether Mr Lender's figures for his income were correct. For Loan 1 that looked right and for Loan 2 I saw that Mr C received more than the figure Mr Lender had used.

Mr C has referred to a decline in May 2025. A declined loan after Mr C had repaid Loan 2 is of no relevance when I am being asked to assess these two lending decisions.

Mr C's submission that having been turned down, then all the loans ought not to have been lent does not fit logically, and I do not accept that argument.

Overall, I am satisfied that Mr Lender carried out the checks it ought to have done for each of the loans, they were proportionate to the sums being applied for and I do not uphold the complaint.

Mr C has complained about the interest rates. But these were clearly visible on the documentation Mr C signed. There is a Financial Conduct Authority Cost Cap in place for these sorts of high-cost loans. I do not consider Mr Lender has done anything wrong in relation to the interest charged.

I've also considered whether Mr Lender acted unfairly or unreasonably in any other way and 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 it lent irresponsibly to Mr C or otherwise treated him 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**

My final decision is I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 16 March 2026.

Rachael Williams  
**Ombudsman**