

The complaint

Mr A complains that Admiral Financial Services Limited trading as Admiral Loans (referred to in this decision as Admiral) lent to him irresponsibly. He complains Admiral didn't do enough to check the lending would be affordable for him.

Background

Admiral provided Mr A with a loan of £13,000 in July 2023. This loan had an APR of 17.8% and a term of 36 months. The total amount repayable under the loan agreement was £16,615.80, which included interest of £3,615.80. It was agreed the loan would be repaid in 36 monthly payments of £461.55.

In July 2025 Mr A complained to Admiral. He complained that Admiral irresponsibly lent to him. Admiral didn't agree it had acted unfairly. It said it carried out proportionate checks at the time the lending was agreed which showed the monthly payments were affordable.

Mr A's complaint was considered by one of our investigators. The investigator didn't think Admiral had done anything wrong or treated Mr A unfairly, so he didn't recommend Mr A's complaint be upheld.

Mr A disagreed with our investigator, and the complaint was passed to an ombudsman for a final decision.

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 explain how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mr A's complaint.

Having carefully considered everything, I'm not upholding Mr A's complaint. I'll explain why in more detail.

Our approach to considering irresponsible and unaffordable lending complaints

Admiral needed to make sure it didn't lend to Mr A irresponsibly. In practice, what this means is that Admiral needed to carry out reasonable and proportionate checks to be able to understand whether Mr A could afford to repay the lending in a sustainable way before agreeing to lend.

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 it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low, or the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggested the lender needed to know more about a prospective borrower's ability to repay.

In reaching my decision, I firstly considered whether Admiral's checks were proportionate given the circumstances of the lending agreed. I then went on to consider whether Admiral made a fair lending decision.

Admiral's checks

To assess Mr A's affordability, Admiral has explained it:

- reviewed information provided by Mr A in his application,
- verified his declared income using an automated check,
- carried out a credit check to understand his credit commitments and payment history, and
- completed an income and expenditure assessment using information provided by Mr A about his housing costs, and statistical data relating to average customer spending to estimate other household bills and essential costs.

Admiral has argued these checks indicated the monthly payments for the loan would be affordable for Mr A. However, Mr A has said he shouldn't have been lent to. I've thought carefully about what Admiral and Mr A have said.

Were Admiral's checks proportionate?

The automated income check confirmed Mr A was receiving a regular monthly income and indicated it was in line with his declared income figure – specifically indicating the declared income figure hadn't been overestimated. Importantly, this check meant Admiral wasn't just relying on information Mr A had told it about his income when considering the affordability of the loan. And given what the check showed, I think it was reasonable for Admiral to have relied on it when making its lending decision. Mr A has also since reiterated its accuracy.

The credit checks Admiral completed showed that, at the time the lending was agreed, Mr A's existing debts were made up of an overdraft, a car finance agreement and revolving credit accounts. The credit check also showed Mr A was making regular utility payments and insurance payments. Importantly, the credit check showed Mr A's active accounts were up-to-date and that no negative payment information for example, late payments or defaults, had been recorded on Mr A's credit file for either active or settled accounts.

Mr A had given the reason for his loan application as debt consolidation. And when completing the income and expenditure assessment, Admiral reached out to Mr A to confirm the accounts he would be consolidating if the lending were to be agreed. Mr A confirmed he was looking to consolidate all of his existing revolving credit accounts.

Admiral also took into consideration payments towards the credit commitments Mr A wouldn't be settling with the proceeds of this loan, his declared housing costs, and statistical data related to living costs. After doing so, Admiral found Mr A would be left with over £500 each month after the new loan payment had been accounted for. Admiral said, because of this, they found this loan to be affordable.

Mr A has expressed concerns that Admiral used his credit file and statistical data to complete this income and expenditure assessment rather than asking him about his actual circumstances. Mr A has offered to supply our service with bank statements and explained that, if these were reviewed at the time, Admiral would have identified considerable payments to his credit cards, and other payments for utilities and insurance in the months prior to the lending being agreed which weren't accounted for.

While I appreciate Mr A's concern that Admiral may have used his credit file to estimate his monthly credit account payments, it's important to note that this loan was being taken out to consolidate Mr A's credit account debt. So I wouldn't expect Admiral to have included any payments made towards these credit accounts prior to Mr A's application as they wouldn't need to have been included within its affordability calculation. I say this because – bearing in

mind Mr A's stated loan purpose – Admiral could reasonably assume these balances would have been cleared following the lending being agreed.

While I also understand Mr A's concerns that Admiral used statistical data to estimate his essential living costs. It's also worth mentioning that, as part of the income and expenditure assessment Admiral calculated housing and essential spending (including the utility bills and insurance costs Mr A is concerned were missed) as £894.40. Mr A, in his most recent communication with our service, has explained his housing costs and his essential spending were around £600 (in his own words this included council tax, utilities, food, broadband etc.). So even if I were to have found Admiral needed to ask further questions about Mr A's essential non-discretionary spending, I don't think this would have led to a change in the lending decision reached as Mr A's declared spending is £294.40 less than Admiral accounted for.

I do note that Mr A has, at times, mentioned other regular outgoings falling outside of this £600 however, even when I've taken these into account, I don't find the total of Mr A's declared non-discretionary spending to reach the figure Admiral used.

However, setting this aside, given this was Mr A's first loan with Admiral, he had no adverse information on his credit file, was using the lending to consolidate open ended credit facilities that made up a considerable proportion of his debt, Admiral did ask Mr A about his housing costs and took steps to confirm the accounts he was looking to consolidate during the affordability assessment – I do think the checks were proportionate here. As such, I'm not persuaded a review of bank statements was necessary.

During the course of this complaint, Mr A has expressed concern that the agreed loan payment took up more than 20% of his take home pay which he thinks was unsustainable. While there's no set cap in relation to the ratio of a loan payment to income, I have taken the size of the loan payment into consideration when reviewing the proportionality of Admiral's checks. However, as set out above, given what Admiral's checks did show and that this loan was being used to consolidate existing credit commitments, I'm not concerned that the size of the loan repayment required Admiral to do anything differently here.

Since I have found Admiral's affordability checks to be proportionate in the circumstances, I will now go on to consider the lending decision.

Bearing in mind the information Admiral had, was it reasonably entitled to lend?

Mr A has explained this loan left him with very little each month after his rent, bills, living expenses and credit commitments had been paid. Mr A has also explained that, while he did initially use the loan to repay the debts he committed to, he ended up needing to use those credit facilities again due to ongoing financial strain made worse by this lending.

While I appreciate what Mr A has said, I do think Admiral's income and expenditure assessment was fair. I say this particularly taking into account, as set out above, Admiral overestimated Mr A's own declared expenditure on housing, bills and other essential spending which would have provided an additional buffer for Mr A each month.

Furthermore, Mr A has indicated that, in the months prior to this lending being agreed, he had made a £200 and £236 payment to two of the credit accounts to be consolidated. I therefore don't expect that, in reality, the loan payment was wholly dissimilar to the combined total of payments he was already making to the five credit accounts he explained he would be consolidating.

I do think it was reasonable for Admiral to conclude the proceeds of this loan would be used to clear the balances on Mr A's existing credit accounts in the way he had committed to – and indeed in the way he has said he initially did. Particularly as this was Mr A's first loan with Admiral and there wasn't a history of Mr A obtaining funds and then failing to consolidate debts which may have indicated it needed to do something differently here.

I'm sorry to hear that Mr A didn't close the consolidated accounts and felt he needed to reuse these lines of credit. And I can understand why this would have left Mr A with less than Admiral's assessment set out. However, I can't reasonably conclude this could have been foreseen by Admiral at the time the lending was agreed, nor do I think it needed to do anything more here.

While I appreciate what Mr A has said, given what Admiral knew about Mr A I don't think it did anything wrong when providing this loan. Admiral carried out proportionate checks and reasonably relied on what it found out which suggested the loan payments were affordable.

In reaching this conclusion I've also considered whether the lending relationship between Admiral and Mr A might have been unfair to Mr A under Section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Admiral lent irresponsibly to Mr A or otherwise treated him unfairly in relation to this matter. And 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.

Taking all of this into account, I'm not persuaded that Admiral lent in circumstances where it was inappropriate to do so. So I'm not upholding Mr A's complaint. I appreciate this will be disappointing for Mr A – but I hope he'll understand the reasons for my decision.

My final decision

My final decision is that I'm not upholding Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 20 February 2026.

Georgina Arnott
Ombudsman