

The complaint

Miss S complains that Lendable Limited (Lendable) irresponsibly provided her with a loan.

What happened

Lendable provided Miss S with a loan of £2,500 in March 2022. The loan was for 36 months with a monthly repayment of £92.54. The total amount payable under the loan was £3,333.94. In summary, Miss S says that Lendable lent to her irresponsibly because its income and expenditure checks were unrealistic and she was clearly under financial strain at the time she applied for the loan. Her complaint was rejected by Lendable because it considered that its affordability assessment and lending decision had been appropriate.

Miss S remained unhappy and brought her complaint to this service. One of our investigators reviewed matters and considered that Lendable's lending had not been irresponsible. Our investigator was not able to determine whether Lendable had completed reasonable and proportionate checks because its actual calculations had not been received by us. However, our investigator went on to conclude that, had reasonable and proportionate checks been carried out, they would have shown that the lending to Miss S was not irresponsible.

Whilst Lendable agreed with our investigator's view, Miss S didn't. In summary, she considered that the income and expenditure assessment carried out by our investigator didn't properly reflect her circumstances. As an agreement has not been reached, the complaint has been passed to me to make a 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.

I've looked at all of the information on file, although I may not have commented on everything.

The rules and regulations in place at the time Miss S was provided with the loan, required Lendable to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. 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 S. In other words, it wasn't enough for Lendable to consider the likelihood of it getting the funds back – it had to consider the impact of any repayments on Miss S.

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 (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this

in mind when thinking about whether Lendable did what it needed to before arranging a loan for Miss S.

Before giving the loan, Lendable carried out a credit check which showed that Miss S had eight active accounts and her total indebtedness was £2,817 against a limit of £3,500. There were no reported defaults or arrears in the previous 12 months. Lendable estimated a monthly income of £1,891. It also noted that the loan was being sought for debt consolidation and, it estimated that this could result in an overall saving for Miss S. In correspondence with us, Lendable described its approach to assessing income and expenditure. However, as our investigator pointed out, we didn't receive the actual data and calculations that Lendable carried out.

As I can't be certain that Lendable carried out reasonable and proportionate checks on Miss S' income and expenditure, I've gone on to determine what those checks would have shown had they been carried out. The approach I've taken is to look at Miss S' bank statements for the three month period before she took out the loan to assess her income and essential expenditure. This is a simple way for this service to piece together what proportionate checks would have likely revealed. .

For the three month period, I've estimated Miss S' average monthly income and essential expenditure to be as follows:

Income:	£1,800
Debt/deferred repayments	£662
EE/Nuffield health	£152
Total essential expenditure:	£814
Estimated disposable income:	£986

The monthly repayment due on the loan was £92.54. In these circumstances, I think the loan which Miss S was being provided with was affordable because she had a sufficient buffer to repay the Lendable loan sustainably. And, the credit search which Lendable carried out showed that Miss S was managing her other debt satisfactorily.

Miss S provided her own estimate of her income and expenditure which showed a deficit, although this was by reference to Miss S' monthly pay cycle over a longer period. In any event, her calculations did show significant amounts of discretionary expenditure. Whilst I appreciate that Miss S may not agree with my approach and conclusions, I need to ensure I'm being fair to both parties, and I wouldn't have expected Lendable to review *all* spending from her account at the time. I would've expected them to carry out a more detailed income and expenditure assessment, asking her to declare committed expenditure such as housing costs, external debt and any monthly direct debits, so when completing my income and expenditure assessment, these are the figures I've used.

Miss S believes that there was evidence of financial strain which Lendable should have taken into account, for example transfers from her mother. But I wouldn't have expected Lendable to review the statements in full, as explained above – I would've expected them to carry out an income and expenditure assessment which wouldn't include transfers to and from family and friends.

Miss S also highlights that her situation rapidly deteriorated after the loan had been issued. I sympathise with Miss S but the central issue of her complaint relates to the lending decision

that had been taken beforehand, rather than how she dealt with the proceeds of the loan afterwards. As I've set out above, I don't think Lendable's decision was irresponsible, having regard to what I think proportionate checks would have shown about her income and expenditure at the time.

Miss S has also highlighted separate decisions made by this service which upheld her complaints about irresponsible lending from other lenders. I don't consider that either of these decisions, which were based on different facts and circumstances, can be taken into account in determining whether or not Lendable's decision was an irresponsible one.

Finally, I was sorry to read that Miss S has since been diagnosed with a medical condition which, amongst other matters, can result in impulsive behaviour and poor decision making. I acknowledge Miss S' vulnerabilities in this regard but I cannot fairly say what decision Lendable might have made, had her condition been known or disclosed at the time. Whilst I'm sympathetic to Miss S' situation, Lendable was simply unaware of her medical situation and I cannot fairly attach blame to it in those circumstances.

Therefore, whilst I know this won't be the outcome Miss S is hoping for, I don't think Lendable acted unfairly or unreasonably when it provided her with the loan. It follows that I'm not upholding her complaint.

Finally, I've also considered 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 Lendable lent irresponsibly to Miss S or otherwise treated her 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 that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 26 February 2026.

John Butler
Ombudsman