

## The complaint

Mr W complains that Admiral Financial Services Limited was irresponsible in its lending to him.

## What happened

Mr W applied for credit with Admiral and was given a loan as follows:

Date	Amount of Credit	APR	Loan Term	Monthly Repayment
September 2022	£5,600	20%	36 months	£204.25

Mr W says that he was not adequately assessed for the credit and that he took the loan during a period when he was already experiencing financial difficulties due to existing commitments. Mr W says that as a result of the loan he became trapped in debt and that the situation has caused ongoing emotional strain. He says that he is now in a Debt Management Plan after Admiral declined to support an Individual Voluntary Arrangement. To put things right, Mr W is asking for a refund of all interest and for adverse information to be removed from his credit file.

Admiral investigated Mr W's complaint and said it was satisfied that appropriate checks were made and that it was not irresponsible in providing Mr W with the loan.

Our investigator didn't think that Admiral had done anything wrong by providing Mr W with the loan. Although she found that the checks carried out were not reasonable and proportionate, she didn't think that they would have found any reason not to grant the lending had they done further checks. So, she didn't think Admiral had made an unfair decision to lend to Mr W.

Admiral accepted the investigator's view, but Mr W didn't agree and asked for an ombudsman's review.

I'd like to acknowledge that Mr W's response to the Investigator's view was very detailed. While I won't be commenting on everything individually, I want to reassure him I've read everything and kept it in mind when reaching my decision. This isn't meant as a discourtesy, it just reflects the informal nature of our Service.

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.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I've had this approach in mind when considering what's fair and reasonable in the circumstances of this complaint. While I have taken into account the relevant laws and regulations, my decision is based on what I consider fair and reasonable given the circumstances of this complaint.

As our investigator has explained, before providing credit, lenders need to complete reasonable and proportionate affordability checks. There isn't a set list of checks a lender is required to carry out, it just needs to ensure the checks are proportionate when considering things like: the type and amount of credit being provided, the size of the regular repayments, the total cost of the credit and the consumer's circumstances.

In his application, Mr W declared a gross annual salary of £30,000. Admiral verified this against third party data and calculated a net monthly income of £2,020. It then looked at his monthly expenditure in order to calculate a disposable income. Mr W declared monthly housing costs of £100 and stated that he lived with his parents and had no dependants. Admiral then used Office for National Statistics Data to estimate his living expenses at £813. It undertook a credit check which showed an existing loan balance of £8,598 and a revolving credit balance of £1,681. It used this to calculate a repayment on existing debt of £362 each month. It also took account of a figure of £101 for pension contributions. Finally, taking account of the repayment on the Admiral loan of £204, this left Mr W with a disposable monthly income of £440. Mr W had stated that the purpose of the loan was debt consolidation, and with this in mind, Admiral considered that this would further reduce his monthly commitments to existing debt. It therefore estimated a disposable monthly income of £599.

Admiral also took into consideration the fact that Mr W's credit file did not show any adverse information in the preceding 12 months. However, I note from the credit file that Mr W had taken out five lines of credit in the six months prior to the application. Whilst his overall level of debt was not especially high, I agree with our investigator's view that this should have prompted Admiral to carry out further checks before approving the loan.

So, it follows that I do not think that the checks were reasonable and proportionate.

Because I don't think the checks carried out by Admiral were proportionate, I've gone on to consider what proportionate checks would have shown if they had been done at the time. The easiest way for me to piece together Mr W's financial situation is to look at bank statements from the three months prior to the loan being approved, which Mr W supplied to our investigator.

From these, I can see an average net monthly income of around £1,640. Mr W's monthly expenditure was variable, and I can see that his housing costs were higher than the figure of £100 that he declared, but the total was no more than £1,030 which included credit repayments, housing costs and bill transfers. Mr W has said he had commitments to car finance and utilities, and he has subsequently provided statements for a different bank account that showed these. But the car finance was not showing on his credit check undertaken at the time of the application for the Admiral loan, so I do not think it would have been expected of Admiral to consider any additional debt or ask Mr W about any further bank accounts had it undertaken checks proportionate to the amount and term of the credit at the time of the lending. Based on the checks I've undertaken, Mr W has a monthly disposable income of around £406, which is a healthy buffer for emergencies. I therefore do not find that Admiral acted irresponsibly in its lending to Mr W.

I note Mr W's comments that he feels the investigator's view was contradictory because she found that Admiral did not complete proportionate checks but then went on to find that the lending decision was not unfair. Because I have reached the same conclusion as our investigator, I want to clarify the position.

Where we find that the checks a lender completed were not reasonable or proportionate we then ask for more information from the consumer and/or the business to consider what would have been found if proportionate checks had been done. The required checks aren't prescriptive and whilst our service often reviews bank statements as it is the easiest way to piece together a customer's financial situation, this doesn't mean Admiral would have been required to do the checks in the same way. But in the absence of further checks by Admiral,

I relied on the information contained within Mr W's bank statements for his main bank account and his credit report, which didn't point to the new lending for debt consolidation being unaffordable.

Although Mr W has supplied our investigator with additional statements for a second bank account, I don't think that, had Admiral conducted checks that were proportionate to this loan, they would have needed to review statements beyond his main account. And these showed no concerning transactions or spending patterns so would not have prompted Admiral to probe any further.

I have also noted that Mr W has referred to another case he has raised with our service which he feels is similar to this and that that complaint has been upheld. However, every complaint is considered on its own merit and in this case I'm satisfied that Admiral has not been irresponsible or unfair in its lending to Mr W.

In reaching my conclusions, I've also considered whether the lending relationship between Admiral and Mr W might have been unfair to Mr W under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Admiral did not lend irresponsibly when providing Mr W with the loan. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

So, while it'll likely come as a disappointment to Mr W, I won't be upholding his complaint against Admiral for the reasons explained above.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 17 March 2026.

Hannah Poulton  
**Ombudsman**