

The complaint

Mrs C complains PDL Finance Limited trading as Mr Lender (“Mr Lender”) gave her a loan without carrying out sufficient affordability checks.

What happened

Mrs C was granted an instalment loan of £300 in May 2024. She was due to make six variable decreasing monthly payments of between £117.20 and £62.80. The loan was repaid in August 2025.

Following Mrs C’s complaint about the sale of the loan, Mr Lender gave reasons as to why it wasn’t upholding her complaint. Mrs C then referred the complaint to the Financial Ombudsman.

An Investigator then considered the complaint, and they didn’t uphold it because they were satisfied proportionate checks were conducted which showed the loan was affordable for Mrs C. Mrs C didn’t agree.

Mrs C’s comments didn’t change the Investigator’s mind about the complaint and as no agreement has been reached, the case has been passed to me for 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.

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. And I’ve used that to help me decide this complaint.

Mr Lender had to assess the lending to check if Mrs C could afford to pay back the amount she’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 a number of different things, such as how much was being lent, the size of the repayments, and Mrs C’s income and expenditure.

With this in mind, 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 Mrs C. These factors include:

- Mrs C 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);
- Mrs C having a large number of loans and/or having these loans over a long period of time (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable);

- Mrs C coming back for loans shortly after previous 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 Mrs C. The investigator didn't think this applied to Mrs C's complaint and I agree, considering only one loan was granted.

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

Mr Lender used a third-party report to check the accuracy of Mrs C's income and for the purposes of the affordability assessment it used a monthly income figure of £2,092. For a first loan this was a proportionate check.

Mrs C declared monthly outgoings of £1,475 – this was across a number of different categories and based solely on the income and expenditure information Mr Lender gathered, Mrs C had enough disposable income to afford the largest repayment for the loan.

Mr Lender also carried out a credit search, and it has provided the Financial Ombudsman with a summary of the results it received from the credit reference agency. I want to add that, although Mr Lender carried out a credit search, there isn't a specific standard it had to adhere to. While the credit search may not have been as comprehensive as other lenders or provide as much detail that alone isn't a reason to uphold the complaint.

Having looked at the credit results, there wasn't anything, in my view, that would've led Mr Lender to have carried out further checks. It knew Mrs C wasn't insolvent either through an Individual Voluntary Arrangement or a bankruptcy within the previous three years. She also didn't have any County Court Judgements within the three years preceding the loan application.

In addition, it was also told that Mrs C didn't have any other outstanding "AAI" loans which are more commonly referred to as payday loans, So, there was no indication that Mrs C was reliant on this sort of credit.

I appreciate Mrs C says she was reliant loans at the time and was taking out loans to meet other repayments. But the credit search results given to Mr Lender didn't show that. The results indicated Mrs C was on top of her finances.

I accept that the information Mrs C provided may not have been an entirely accurate reflection of her circumstances at the time, after all, she's told us about the impact this loan had on her. But given the amount advanced to Mrs C it would've, in my view, been disproportionate for Mr Lender to have reviewed her bank statements. As such, it wouldn't have known about her difficulties.

Overall, it was reasonable for Mr Lender to have relied on the information Mrs C provided about her income and expenditure as well as the credit check results which showed she had sufficient disposable income to afford the repayments. It therefore follows that I can't uphold Mrs C's complaint about the loan.

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 Mr Lender lent irresponsibly to Mrs C 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

For the reasons given above, I am not upholding Mrs C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 4 March 2026.

Robert Walker
Ombudsman