

The complaint

Mrs S is unhappy Lendable Ltd provided her with a loan which she feels was unaffordable. She feels that, had they done more checks, they would've realised that she had a gambling addiction.

What happened

Lendable provided Mrs S with a loan for £7,000 in March 2025. This had total interest, fees and charges of £9,360 and was due to be repaid in 60 monthly instalments of around £270. The purpose of the loan at the time of the application was recorded as debt consolidation.

Shortly after this, Mrs S complained to Lendable that this loan was unaffordable. Lendable didn't uphold her complaint, explaining that they felt they had done enough checks before lending to her. So, Mrs S brought the complaint to the Financial Ombudsman.

One of our investigators looked at Mrs S' complaint and thought that Lendable shouldn't have provided Mrs S with the loan. She referred to the Open Banking data obtained by Lendable which showed gambling transactions, as well as Mrs S' continuous use of her overdraft and difficulties in managing her existing debt commitments. So, she recommended that the complaint be upheld. Lendable disagreed with the investigator, stating that the Open Banking data didn't show any gambling transactions and that, in any event, these transactions happened after the loan had already been disbursed to Mrs S. They also reiterated that this was a consolidation loan which would have helped Mrs S reduce her reliance on her overdraft.

Another investigator reviewed the complaint and, although he accepted that Lendable wouldn't have become aware of Mrs S' gambling habit, he found that further checks would have shown that Mrs S didn't have the disposable income to afford the new loan repayment.

Lendable continued to disagree and asked for an ombudsman to look at this case. I issued a provisional decision, explaining that I wasn't intending to uphold the complaint. I explained why, as follows:

The rules and regulations in place at the time Lendable provided Mrs S with the loan required them to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable way. 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 Mrs S. In other words, it wasn't enough for Lendable to consider the likelihood of them getting the funds back or whether Mrs S' circumstances met their lending criteria – they had to consider if Mrs S would be able to sustainably repay the lending being provided to her.

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 and the amount, purpose and cost of credit they were seeking. I've kept all of this in mind when thinking about whether Lendable did what was needed before lending to Mrs S.

Did Lendable carry out reasonable and proportionate checks?

Before approving the application, Lendable:

- Asked Mrs S what her income was and verified this using data from the credit reference agencies*
- Estimated Mrs S' essential living costs using statistical data*
- Used this information to calculate her monthly disposable income*
- Obtained access to Mrs S' open banking data*
- Checked her credit file*

I'm inclined to say these checks were reasonable and proportionate in the circumstances. Mrs S had told Lendable the purpose of the loan was debt consolidation so it was reasonable for them to think it would likely improve her situation overall. The regulations specifically allow a business to use statistical data to estimate an applicant's expenditure. And I haven't seen anything in the information Lendable obtained which ought to have prompted them to do further checks.

Our investigators said Lendable ought to have carried out more checks. But I don't think Lendable's checks needed to go further than they did. I say this because Mrs S had declared the loan to be for consolidation purposes and the details obtained from Lendable's credit check supported that Mrs S had debt to consolidate. So Lendable weren't adding to Mrs S' indebtedness and, rather, were likely allowing her to reduce her monthly debt commitments.

In those circumstances, I think it was reasonable for Lendable to rely on automated income verification and statistical expenditure data rather than ask Mrs S for her actual expenditure. So, I'm inclined to say their checks were reasonable and proportionate in the circumstances.

Did Lendable make a fair lending decision?

Just because I think the checks were proportionate based on Mrs S' circumstances, it doesn't end there. I need to consider whether Lendable made a fair decision to lend.

Having looked at Mrs S' credit file, I'm satisfied that it didn't suggest that she was struggling with her debt commitments. I noted that she had 23 active accounts, of which 18 had been opened in the last six months – which could be sign that Mrs S was overly reliant on lending. However, I can see that the majority of these were short-term deferred payment accounts rather than loans or credit cards, which suggests she wasn't reliant on lending for her everyday spending. I can also see that Mrs S had several credit card accounts and overdraft facilities which she wasn't utilising to their limit, which shows that she wasn't overly reliant on her existing lending facilities. She appeared to be managing these accounts well, with no missed payments, underpayments or arrears in the months leading up to the loan application.

I noted that Mrs S had several loans with a combined outstanding balance of more than £7,000. So, I think it was reasonable for Lendable to believe this consolidation loan was likely going towards some of these balances, which would leave Mrs S in a better financial position as it would reduce her monthly repayments.

Whilst Lendable didn't provide much information regarding the estimated expenditure figures they confirmed that they considered Mrs S' monthly debt commitments, estimated accommodation and essential expenditure costs. Based on this, they calculated Mrs S' disposable income to be around £900.

I can see that Lendable verified Mrs S' monthly income as being at least £2,500. And looking at her credit file, I think a reasonable estimate of her payments to existing creditors would have been around £1,500 per month. I wouldn't expect this to increase given the purpose of the loan was debt consolidation. That would have left Mrs S with around £1,000 per month for her essential spending. In her application, she told Lendable she didn't have any housing costs. Based on my experience of what the statistical data shows in similar situation, I think although Lendable's disposable income figure of around £900 appears to be on the high side, they would still have fairly been able to decide to lend to her.

As part of the loan application, Mrs S connected Lendable to her online banking covering three months leading up to the application. So, I've considered whether there was anything in that data which ought to have shown Lendable that it would be irresponsible to lend to Mrs S. In particular, Mrs S has told us she had a gambling addiction so I've considered whether Lendable should have been aware of that. Having reviewed this, I'm satisfied that there was nothing which ought to have alerted Lendable that Mrs S was struggling or gambling compulsively. I noted a few transactions to competition/raffle websites and a few returned direct debits but, as these were sporadic and not persistent, I don't think this ought to have suggested there was a problem.

So, I'm inclined to say Lendable didn't act unfairly when they provided this loan to Mrs S. They carried out reasonable and proportionate checks and the information they obtained suggested that the loan would be sustainably affordable.

In reaching my conclusions, I've also considered whether the lending relationship between Lendable and Mrs S might have been unfair to Mrs S under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already given, I don't think Lendable lent irresponsibly to Mrs S or otherwise treated her unfairly. 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.

So overall and having considered everything, I'm currently minded to conclude that Lendable acted fairly and reasonably when agreeing to provide this loan to Mrs S.

Mrs S mentioned that she has continued to struggle with her loan repayments. I'd like to remind Lendable of their obligations to support their customers when they're in financial difficulty and encourage Mrs S to continue to reach out to Lendable if she requires assistance.

Lendable acknowledged receipt of the provisional decision and didn't add anything further.

Mrs S responded to the provisional decision and expressed her disappointment with it, especially since two investigators had previously upheld her complaint.

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.

Having done so, I've reached the same outcome as I did in my provisional decision, and for

the same reasons. I appreciate what Mrs S has said in response to my provisional decision about her parents helping her, her gambling addiction and her current debt. But Lendable could only take into account the information they were aware of at the time, and as I've explained above, they gathered enough information which suggested the lending was affordable.

I know how strongly Mrs S feels about this matter, and I'm sorry to disappoint her here. But I've not seen anything that changes my provisional decision and so, it stands that I do not uphold her complaint against Lendable.

My final decision

For the reasons I've outlined above, I'm not upholding Mrs S' complaint about Lendable Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 5 January 2026.

Amelie Makris
Ombudsman