DRN-6025908

The complaint

Miss S says Lendable Ltd irresponsibly lent to her.

What happened

Miss S took out a £4,000 loan over 36 months from Lendable on 12 August 2025. The monthly repayments were £191.

Miss S says Lendable should never have lent to her. It could have seen she was gambling problematically through the open banking data it accessed. She recently had a number of payment plans on her existing debt (including a credit card Lendable provided) and Lendable failed to address this. She is now in severe financial difficulties.

Lendable said it carried out appropriate checks and Miss S met its lending criteria.

Our investigator upheld Miss S's complaint. He said from the checks it carried out Lendable ought to have realised Miss S's finances were not stable.

Lendable disagreed and asked for an ombudsman's review. It said, in summary, the loan was issued in accordance with its lending criteria at the time and there was nothing which meant it needed additional information before making a decision to lend. No transactions in the open banking data were obviously gambling, or labelled as such, and so wouldn't have triggered further investigation. Miss S met its net monthly income criteria, and the monthly repayment for the loan was considered affordable based on her income, debt servicing obligations, housing costs, essential spending and any dependent spending.

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.

This includes all of Lendable's comments in response to the investigator's assessments. In keeping with our role as an informal dispute resolution service – and as our rules allow - I will focus here on the issues I find to be material to the outcome of Miss S's complaint.

We've set out our general approach to complaints about unaffordable/irresponsible lending - including all of the relevant rules, guidance and good industry practice - on our website. Having carefully thought about everything, I think that there are two overarching questions that I need to answer in order to fairly and reasonably decide Miss S's complaint. These two questions are:

1. Did Lendable complete reasonable and proportionate checks to satisfy itself that Miss S would be able to repay the loan without experiencing significant adverse consequences?

    - If so, did it make a fair lending decision?
    - If not, would those checks have shown that Miss S would've been able to do so?

2. Did Lendable act unfairly or unreasonably in some other way?

The rules and regulations in place required Lendable to carry out a reasonable and proportionate assessment of Miss S's ability to make the repayments under this agreement. The checks had to be borrower focused – so Lendable had to think about whether repaying the loan would cause significant adverse consequences for Miss S. In practice this meant that the business had to ensure that making the payments to the loans wouldn't cause Miss S undue difficulty or significant adverse consequences.

In other words, it wasn't enough for Lendable to simply think about the likelihood of it getting its money back, it had to consider the impact of the loan repayments on Miss S. Checks also had to be proportionate to the specific circumstances of the loan applications. In general, what constitutes a proportionate affordability check will be dependent upon a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, and any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they are seeking. Even for the same customer, a proportionate check could look different for different applications.

In light of this, I think that a reasonable and proportionate check ought generally to have been more thorough:

- the lower a consumer's 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 higher the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the greater the number and frequency of loans, and the longer the period of time during which a customer has been given loans (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable).

I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Miss S's complaint.

Lendable has provided evidence to show that before lending it asked for some information from Miss S. It asked for her monthly income and verified this externally (£3,514). It estimated her housing costs and general living costs using national statistics. It carried out a full credit check to understand Miss S's credit history and her existing monthly credit commitments. It also accessed her transactional data from her main bank account through open banking. Based on these checks Lendable thought it was fair to lend as Miss S would be left with ample monthly disposable income.

I am satisfied these checks were proportionate but I am not satisfied Lendable responded appropriately to the information it gathered. I'll explain why.

The credit check Lendable completed showed Miss S had £20,834 of debt across ten active accounts. Lendable says it saw that all these active accounts were in good standing and that Miss S had not accrued any visible defaults or arrears across their accounts in the 36 months prior to her application. I agree the most recent default was historic and so need not to have concerned Lendable. But in the previous 12 months a number of Miss S's accounts had been in prolonged arrangements to pay; Miss S had opened six new lines of credit in the last 12 months, including it seems three payday loans; and in the last 12 months she had made 17 minimum payments and used credit for cash. So, there were signs of recent financial instability that meant Lendable needed to carry out a fuller financial review. And as it had the open banking data it had more information it could use to inform its decision.

From that I can see Miss S had opened another new loan account the day before this application that was not on the credit check and that further supports the concern that Miss S was reliant on credit. There were also multiple high value debits to one merchant (Transferop Payment Gateway Ltd). Miss S has confirmed these were for gambling. I accept that the open banking narrative does not make that clear, but I would have expected Lendable to ask what these outgoings were as they totalled around 75% of Miss S's income each month on average.

I cannot know what Miss S would have said, it is most likely she would not have declared they were for gambling. However, given the frequency and value, even if Lendable did not know they were for gambling I would have expected it to be concerned by them as it was clear these ongoing debits were creating financial instability and a need for more credit that meant she then struggled to manage all her commitments.

I think Miss S would have struggled to credibly explain/evidence the reason for this spend which should then have been a red flag for Lendable. It submitted an extract of the relevant debits/credits from the open banking data saying Miss S made a gain, but this doesn't change my finding for two reasons. Its lists of debits is not complete and does not seem to relate to the merchant in question (for example, it missed four payments totalling £1,600 on 2 August 2025, amongst others). And it has not evidenced the credits were linked – the transactional narrative is not the same as the merchant the frequent debits went to.

In the round, I don't find Lendable had the assurances it needed to conclude that there was no risk its lending might cause financial harm for Miss S. And it needed to consider this to meet its regulatory obligations, not just the pounds and pence affordability.

It follows I think Lendable was wrong to lend to Miss S.

Putting things right

As I don't think Lendable ought to have opened the account, I don't think it's fair for it to be able to charge any interest or charges under the credit agreement. But I think Miss S should pay back the capital amount she borrowed.

Therefore, Lendable should:

Add up the total repayments Miss S made and deduct these from the total amount of money Miss S received.

a) If this results in Miss S having paid more than she received, any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement)*. Lendable should also remove all adverse information regarding this account from Miss S's credit file.

b) If any capital balance remains outstanding, then Lendable should arrange an affordable and suitable payment plan with Miss S. Once Miss S has cleared the balance, any adverse information in relation to the account should be removed from her credit file.

*HM Revenue & Customs requires Lendable to take off tax from this interest. Lendable must give Miss S a certificate showing how much tax it's taken off if she asks for one.

I’ve also considered whether the relationship might have been unfair under Section140A of the Consumer Credit Act 1974. However, I’m satisfied the redress I have directed above results in fair compensation for Miss S in the circumstances of her complaint. I’m satisfied, based on what I’ve seen, that no additional award would be appropriate in this case.

My final decision

I am upholding Miss S’s complaint. Lendable Ltd must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss S to accept or reject my decision before 14 January 2026.

Rebecca Connelley
Ombudsman