

The complaint

Miss A complains that Admiral Financial Services Limited (Admiral) lent to her irresponsibly.

What happened

Miss A took out a loan with Admiral in February 2023 for home improvements. The loan was for £7,500 over 60 months with a repayment of £225.19 a month.

In November 2024, Miss A complained to Admiral. In her complaint, Miss A said at the time of the lending Admiral failed to check the lending was affordable for her and lent to her unfairly. She's said that at the time of the lending she was suffering from addiction problems and was in a mental health crisis. Miss A thinks that if Admiral had completed proper checks, it would have known the lending wasn't suitable.

Admiral looked into the complaint and issued a final response letter saying it didn't think it had acted unfairly. It said it had confirmed the agreement was affordable using the information Miss A had provided in the application, information from the credit reference agencies, and an income check.

Miss A didn't accept Admiral's response, so she referred her complaint to our service. One of our investigators looked into the case and said they didn't think Admiral had acted fairly in lending to Miss A.

Admiral provided further comments explaining why it didn't agree with the investigators view. As there was no agreement, 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.

Having done so, I reached a different outcome to the investigator. So, I issued a provisional decision saying:

"I think there are key questions I need to consider in order to decide what is fair and reasonable in this case:

- *Did Admiral carry out reasonable and proportionate checks to satisfy itself that Miss A was able to sustainably repay the credit?*
- *If not, what would reasonable and proportionate checks have shown at the time?*
- *Did Admiral make a fair lending decision?*
- *Did Admiral act unfairly or unreasonably towards Miss A in some other way?*

Admiral had to carry out reasonable and proportionate checks to satisfy itself that Miss A would be able to repay the credit sustainably. It's not just about Admiral assessing the likelihood of it being repaid, but it had to consider the impact of the repayments on her.

There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments and the overall circumstances of the borrower.

Admiral has explained that Miss A declared an income of £35,500 annually on her application and it verified this through the credit reference agencies, who returned a high confidence score that she was earning this much. It also showed it used the data from the credit reference agencies to understand how much Miss A was repaying towards other credit and her mortgage. It included these in its affordability calculation along with estimates for Miss A's regular living expenses which is an approach it's allowed to take under the relevant lending rules. It found that after accounting for this loan Miss A would still have a disposable income of £370 which is reasonable.

Admiral has shown it carried out a credit search to get an understanding of Miss A's situation before it decided to lend to her. It's provided a copy of what it found. I've reviewed this and can see it shows that Miss A was up to date with all other credit accounts and didn't appear to be over indebted or struggling to manage her finances at the time of the lending.

Our investigator noted that Miss A had opened six new accounts in the months prior to the lending and so felt Admiral's checks should have gone further but I don't agree. Having reviewed the information more closely it appears two of these accounts had already been settled. A further two were credit cards and the repayments on these were accounted for in Admiral's calculations. The remaining two were for low value loans, and again the repayments to these had been factored into Admirals affordability calculations. The investigator noted from Miss A's statements that one of these loans was short term credit. However, this wasn't reflected in the credit checks Admiral completed, and it was entitled to rely on this information. Based on the data it had gathered, I also don't think there was anything that indicated it would be necessary for Admiral to review Miss A's statements. So, I don't think it could have been reasonably aware that one of the loans was short term credit.

The information provided by the credit reference agencies didn't reveal any signs of current financial difficulties and Miss A was only using 50% of the credit available to her. Given this and the information about the accounts opened in the previous six months, I don't think there was evidence that Miss A was over reliant on debt or struggling to manage her finances.

I've thought carefully about what Miss A has told us about her circumstances at the time of the lending. I'm sorry to hear of her struggles and I've no doubt this was a very difficult time for Miss A. However, I must take into account what Admiral knew about her circumstances at the time of the lending. Whilst I don't doubt what Miss A has said about her state of mind at the time, Admiral was entitled to rely on the information it gathered from her and the credit reference agencies. Having reviewed this I can't see that there was any indication that Miss A was not in a position to sustainably afford the lending.

Overall, taking into consideration all the evidence I'm persuaded that reasonable and proportionate checks were undertaken by Admiral. And based on what I've seen I'm not satisfied there was anything revealed by those checks that meant Admiral needed to do more to assess creditworthiness or that it shouldn't have lent to Miss A.

Miss A seems to have managed payments to the loan in a reasonable way until August 2023 when it appears her circumstances changed, and Miss A was no longer able to maintain the monthly payments. It seems a payment plan was agreed around this time and has continued. This is broadly in line with what I would expect to see where a customer runs into financial difficulties, and I haven't seen any other evidence that demonstrates Admiral treated Miss A unfairly in any other way.

Finally, I've thought about whether considering this complaint more broadly as being about an unfair relationship under Section 140A of the Consumer Credit Act 1974 would change the outcome here. But even if it could (and should) reasonably be interpreted in that way I'm satisfied this wouldn't affect the outcome in this particular case.

I'm sorry to disappoint Miss A, but based on the available evidence, I'm not satisfied that Admiral created unfairness in its relationship with Miss A by lending to her irresponsibly, or in the way it handled the account under the credit agreement. So, I don't find that Miss A's relationship with Admiral was unfair, and I can't conclude Admiral treated Miss A unfairly in any other way based on what I've seen."

Admiral responded to my provisional decision saying it accepted what I'd said, and no response was received from Miss A. So, I see no reason to depart from my findings.

My final decision

My final decision is that I don't uphold this complaint for the reasons I've set out.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 30 January 2026.

Charlotte Roberts
Ombudsman