

The complaint

Mr S complains that Lendable Ltd was irresponsible in its lending to him. He wants a refund of all interest and charges paid on the loans along with statutory interest and for any adverse information to be removed from his credit file.

What happened

Mr S was provided with three loans by Lendable, the details of which are set out below.

Loan	Date	Amount	Term	Monthly repayments
1	January 2021	£2,000	24 months	£114.77
2	July 2021	£3,000	24 months	£161.64
3	June 2023	£4,000	24 months	£233.53

Mr S said that adequate checks weren't carried out before the loans were provided and that they were unaffordable. He said that by the time the third loan was issued his outstanding debts had risen to £25,469 across 15 active accounts which was a clear indicator that he was struggling financially. Mr S said the Lendable loans made his situation worse and put him in a cycle of debt which ended with him needing to enter a debt management plan.

Lendable issued a final response to Mr S's complaint. It said that a comprehensive review of Mr S's financial situation was undertaken before the loans were provided. It explained that it carried out a full credit check and affordability assessment which included using open banking data where available to verify Mr S's income. It said that based on its check there was nothing to indicate that the loans would be unaffordable for him.

Mr S referred his complaint to this service.

Our investigator thought that further checks should have been carried out before the first two loans were provided. However, they found that had these happened the loans would have still appeared affordable for Mr S. Regarding the third loan, our investigator thought the checks carried out were proportionate and as these supported the loan being affordable, they didn't uphold this complaint.

Mr S didn't agree with our investigator's view. He explained that his disposable income seemed sufficient because he was using his credit card to pay for food and bills when he didn't have enough money in his current account.

Our investigator responded to Mr S's comments explaining that they had calculated his monthly food expenditure as around £650 and if the amount calculated was lower than this, they had included the £650 figure. They further noted that for the months considered the household bills were paid from Mr S's current account and so they believed the correct

expenditure amounts had been included. Therefore, they explained their view hadn't changed.

Mr S didn't accept that the loans had been provided responsibly and as a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue 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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mr S was provided with three loans by Lendable and I have considered each lending decision below.

Loan one: January 2021

Mr S was provided with the first loan by Lendable in January 2021. The loan was for £2,000 repayable through 23 monthly instalments of £114.77 followed by a final payment of £98.90.

Before the loan was issued, Lendable asked about Mr S's employment, income and residential status. Mr S declared he was employed full time with a net monthly income of £3,396 and that he was renting but a zero amount was included for his rental payments. Lendable verified Mr S's income using an industry tool and found a much lower minimum income amount.

A credit check was undertaken which showed Mr S had total outstanding debts of £3,749 across 10 active accounts. While he had no recent defaults or county court judgements, he did have defaults recorded in March 2019 and November 2015 and his worst payment status within the previous 12 months was recorded as '5'.

While I accept that the defaults were historic, given Mr S's credit history and that he had missed payments in the previous 12 months, and noting the discrepancy in the income figure and that no amount was included for his rent, I think that Lendable should have carried out further checks to ensure it had a clear understanding of Mr S's financial situation.

I have looked through Mr S's bank account data for the three months leading up to this loan application and these show he had an average income of around £2,696. Mr S was paying £1,425 for rent and also paying around £400 for costs such as utilities, council tax and other communication /media contracts. Mr S's housing and other regular costs were split with his partner who paid around £1,000 a month towards costs. Additional to this, Mr S was paying for food and transport (around £740 a month) as well as for his existing credit commitments. Mr S has explained that his credit commitments included repayments to a family member of around £344 a month. While this private arrangement wouldn't have been identified in the credit check, I have included this on the basis that it might have been noted had further questions taken place. Including this in Mr S's existing credit commitments meant he was paying around £497 a month.

Deducting Mr S's expenses from his income left around £630 for the Lendable loan repayments (around £115) and any unforeseen costs. Based on this, I do not find that I can say that further checks would have shown the loan to be unaffordable for Mr S.

Loan two: July 2021

Loans two was for £3,000 and required Mr S to make 23 payments of £161.64 followed by a final payment of £124.09. Prior to this loan, Mr S had maintained his repayments on his first loan without issue.

Before the loan was issued Mr S was asked about his employment, income and residential status. Mr S declared he was employed full time with a net monthly income of £3,396 and that he was renting but a zero amount was included for his rental payments. Lendable verified Mr S's income using open banking data which resulted in a lower income figure of around £2,952.

A credit check was carried out which showed Mr S's total debts had increased to £5,242 (including the previous Lendable loan) and his revolving debt utilisation had increased to 91% but no new defaults or county court judgments had been recorded. Given that this was Mr S's second loan application to Lendable within around six months, that his overall level of debt was increasing, that his income was lower than declared and that no amount was included for his rent, I think that Lendable should have carried out further checks to ensure it had a clear understanding of Mr S's financial situation and to be confident the additional lending would be sustainably affordable for Mr S.

I have looked through Mr S's bank account data for the three months leading up to this loan application and these show he had an average income of around £2,947. Mr S was paying £1,425 for rent and also paying around £462 for costs such as utilities, council tax and other communication / media contracts. Additional to this, Mr S was paying for food and transport (around £680 a month). As Mr S was receiving around £1,000 towards costs from his partner, this resulted in his regular costs (including living expenses) being around £1,567 a month.

Mr S also had existing credit commitments (including two loans with total monthly repayments of around £207 and £2,695 of revolving credit debt) and was still making repayments to the family member (around £344). Including an amount for payments towards his revolving credit and the other regular costs gave total existing credit costs of around £686.

Deducting Mr S's costs from his net income would have left around £694 for the Lendable loan repayments (around £162) and any unforeseen costs. So, while I accept that Mr S had increased his level of debt between loan one and loan two, I do not think this was at a level which suggested he was overindebted. As his credit file didn't suggest he was struggling to repay his existing commitments and the lending appeared affordable, I do not find I can say that Lendable was wrong to provide this loan.

Loan three: June 2023

Loan three was for £4,000 and required Mr S to make 23 monthly repayments of £233.53 and a final repayment of £288.78. By the time Mr S applied for this loan, he had repaid loan one without issue and had one instalment outstanding on loan two on which he had also maintained his repayments. Therefore, I do not find that Mr S's previous account management raised any concerns.

As with Mr S's previous applications, before the loan was issued, Lendable asked about Mr S's employment, income and residential status. Mr S declared he was employed full time with a net monthly income of £3,396 and that he was renting but a zero amount was declared for his rental payments. Lendable verified Mr S's income using an industry tool and was able to confirm the declared income figure. While Mr S hadn't included an amount for his rent, Lendable used statistical data to include estimates for his housing and living costs. These were around £530 and £486 respectively.

A credit check was undertaken which showed that Mr S's debts had increased to around £25,469 with the amounts due on loans having increased to £15,220 and amounts due on revolving credit increased to £8,363. This was a large increase from when the previous loan had been provided and while I do not find it was such, based on Mr S's declared income, that meant further credit shouldn't be given, I think it was important to ensure that any further credit would be sustainably affordable for him.

In this case, Lendable was able to confirm Mr S's declared income and included amounts for his rent and living costs. It based his credit costs on his credit report results and identified he had a reasonable disposable income. Given this, and noting Mr S's previous history with Lendable, I think the checks were proportionate.

That said, I note that had further checks taken place and Mr S's expenses identified above for his housing, living and other costs been included (totalling around £1,567) this would have left Mr S with around £1,829 for his credit commitments, including the new loan. Mr S's existing loan repayments (including the second Lendable loan that would be repaid the following month) totalled around £628 and adding an amount for his payments for his revolving credit would increase his credit commitments to around £1,050. Deducting this amount would leave Mr S with around £779 to cover the Lendable loan repayments (around £234) and any unforeseen costs. I note that the payments Mr S had previously made to a family member aren't included but these wouldn't appear in the credit file and as I think the checks were reasonable in this case, I do not find I can say these needed to be included. However, even if they were, based on the figures above they do not change my outcome.

Based on the above, while I can see that Mr S was increasing his debt levels, I do not find they were at a point (based on Mr S's income) that meant further credit shouldn't have been given. And as his credit report didn't raise concerns about how he was managing his existing credit commitments and the loan appeared affordable, I do not find I can say that Lendable was wrong to provide this loan.

So, for the reasons set out above, I do not find I can say the loans were lent irresponsibly.

I've also considered whether Lendable acted unfairly or unreasonably in some other way given what Mr S has complained about, including whether its relationship with Mr S might have been viewed as unfair by a court under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Lendable lent irresponsibly to Mr S or otherwise treated him 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

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 S to accept or reject my decision before 6 February 2026.

Jane Archer
Ombudsman