

The complaint

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

What happened

The facts of this case are familiar to both sides. With that being the case, I won't provide a detailed background here. Instead, I'll provide a brief summary.

Admiral provided Miss M with a personal loan in December 2022. The loan was for £15,000 and it was due to be repaid through 60 monthly repayments of £446.94. The total amount to be repaid by the end of the loan term, including interest and fees, was £26,816.40. The purpose of the loan was recorded as 'debt consolidation'.

In August 2025, Miss M complained to Admiral about its decision to lend. In doing so, she said Admiral "*should never have given [her] this loan*" and, to put things right, Miss M said she would like a "*refund of the interest and any charges [she] paid, plus statutory interest and to delete any negative information from [her] credit record*".

In September 2025, Admiral issued its final response in which it did not uphold the complaint. In short, Admiral said that it conducted "*reasonable and proportionate checks before approving [Miss M's] application, and there is no evidence to suggest the loan was unaffordable at the point of sale*".

Unhappy with this, Miss M referred her complaint to our service.

One of our investigators reviewed Miss M's complaint and, in November 2025, issued their opinion. In short, the investigator thought Admiral had carried out reasonable and proportionate checks prior to agreeing to lend, and the information it gathered from those checks did not suggest Miss M was going to have difficulty sustainably repaying the lending. Therefore, the investigator did not uphold the complaint.

Miss M did not agree with our investigator and, as an agreement couldn't be reached, the complaint has been passed to me to review afresh.

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.

I've also had regard to the regulator's rules and guidance on responsible lending (set out in its consumer credit handbook – CONC) which lenders, such as Admiral, need to abide by. I won't set these out in detail here, but the Financial Ombudsman Service has set out its general approach to complaints about irresponsible and unaffordable lending on its website.

Having done so, I've reached the same conclusion as our investigator and for the same reasons. I understand this will come as a disappointment to Miss M, but I'll explain why I think this is a fair outcome in the circumstances.

However, before I do, I'm aware that I've summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I've got is incomplete, unclear or contradictory, I've based my decision on the balance of probabilities.

Admiral needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Miss M could repay the loan repayments when they fell due and without the need to borrow further. These checks weren't prescriptive, but could take into account a number of different things such as how much was being lent, the repayment amounts and the consumer's income and expenditure.

So, in keeping with the information on the Financial Ombudsman Service's website, I think there are a number of overarching questions I need to consider when deciding a fair and reasonable outcome given the circumstances of this complaint:

1. Did Admiral carry out reasonable and proportionate checks to satisfy itself that Miss M was likely to have been able to repay the borrowing in a sustainable way?
 - i. If Admiral carried out such checks, did it lend to Miss M responsibly using the information it had?

Or

- ii. If Admiral didn't carry out such checks, would appropriate checks have demonstrated that Miss M was unlikely to have been able to repay the borrowing in a sustainable way?

Did Admiral carry out reasonable and proportionate checks?

There are many factors that could be relevant when determining how detailed proportionate checks should have been. And while much will depend on the circumstances in question, the more obvious factors include – though aren't necessarily limited to:

- the type of credit Miss M was applying for along with the size, length and cost of the borrowing; and
- Miss M's financial circumstances – which included her financial history and outlook along with her situation as it was, including signs of vulnerability and/or financial difficulty.

And generally speaking, I think reasonable and proportionate checks ought to have been more thorough:

- the lower an applicant's income because it could be more difficult to make the repayments as a result;
- the higher the amount repayable because it could be more difficult to meet a higher repayment, especially from a lower level of income; and
- the longer the loan term, because the total cost of the credit was likely to have been greater given the longer time over which repayments have to be made.

As a result, the circumstances in which it was reasonable to conclude that a less detailed affordability assessment was proportionate strike me as being more likely to be limited to applicants whose financial situation was stable and whose borrowing was relatively insignificant and short-lived – especially in the early stages of a lending relationship.

Prior to agreeing to lend, Miss M was asked to provide details about her residential status, employment status, housing costs and income. Miss M declared she was living with parents and, as far as I can see, she did not declare any housing costs¹. Miss M also declared she was employed full-time and that her annual salary was £35,000.

It's not generally considered sufficient to solely rely on the consumers declared income. Indeed, CONC 5.2a.15(2) says:

“The firm must take reasonable steps to determine the amount, or make a reasonable estimate, of the customer's current income.

Here, I note Admiral obtained Miss M's two most recent monthly payslips (dated November and December 2022) which showed Miss M's declared income was accurate. For the purposes of its lending decision Admiral used a figure of £2,320 (this being an approximate average of the net pay listed in the payslips) which is reasonable in the circumstances.

So, looking at things in the round, I am satisfied Admiral took reasonable steps – in-line with its obligations under CONC – to understand Miss M's income before it agreed to lend.

As I've said, it doesn't look like Miss M declared any housing costs during her application which, noting her residential status, was perhaps unsurprising. Nonetheless, it appears Admiral added an expense of £100 towards rent as part of its affordability assessment.

Admiral then used data from the Office of National Statistics (ONS) to model Miss M's living expenses based on her circumstances.

CONC 5.2A.19(G)(1) says:

“For the purpose of considering the customer's non-discretionary expenditure...the firm may take into account statistical data unless it knows or has reasonable cause to suspect that the customer's non-discretionary expenditure is significantly higher than that described in the data or that the data are unlikely to be reasonably representative of the customer's situation”.

¹ The relevant section of the application form splits over two pages so it is possible that Miss M did declare monthly rental costs of £100 – which is the figure Admiral relied on - and it has been cut off when the document that has been submitted to our service. However, as Miss M does not appear to dispute this figure in response to the investigator's findings – and as it makes no material difference to the outcome I've reached - I need not consider this further.

I haven't seen anything to suggest that Admiral knew – or had reasonable cause to suspect – that Miss M's non-discretionary expenditure was higher than the data suggested or that it was unlikely to be representative of Miss M's situation. Therefore, I think Admiral acted reasonably – and, again, in-line with its obligations under CONC - by relying on this information when calculating her non-discretionary expenditure.

Admiral also carried out a credit search, and it has provided the results it received from the credit reference agency. Admiral used the data about Miss M's existing debt to calculate her monthly expenditure towards her credit commitments. It then deducted Miss M's overall expenditure from what it understood to be her income.

Having done so, it appeared Miss M was left with about £503 disposable income each month after repayments towards the loan in question were factored in. It is worth noting that this figure does not take into account any adjustments to reflect the fact Miss M was seeking to pay off some of her existing debts with the lending in question.

The credit search also revealed details about Miss M's existing indebtedness and how she was managing her credit commitments. From the data Admiral obtained, Miss M had a total indebtedness of £19,002, of which £5,989 was in the form of revolving credit. I don't think this would have given Admiral particular cause for concern, particularly noting Miss M's income. Further, Miss M was intending to use the loan in question to clear two existing loans and a credit card account. So, Admiral would have reasonable cause to think that consolidating the debts in this way would reduce her monthly outgoings going forwards which could be used, in turn, to reduce her overall indebtedness.

Further, the credit search showed Miss M's revolving credit utilisation was 72% which wouldn't have alerted Admiral to the possibility that Miss M was having trouble managing her money.

I can see the credit search also revealed that Miss M had no significant adverse information such as defaults or County Court Judgements recorded against her. However, I think there were some *potential* indicators that Miss M's financial position may have been more challenging than the headline data suggested. I say this because I have noted that there were two separate late payment markers on one of Miss M's credit card accounts. These were applied three and five months prior to the lending in question, although I note that on both occasions, the account was brought back up to date the following month. With that being the case, I don't think these adverse markers, in isolation, would give Admiral cause to conclude Miss M was having trouble managing her money, particularly in light of what the rest of the report suggested. So, it seemed from the credit file that at the point that the lending decision was made, Miss M was affording her existing credit.

Further, I note Miss M had taken out a personal loan (I'll refer to this as 'Loan 1') around four months prior to the lending in question. But, as I've said, the purpose of the loan in question was recorded as 'debt consolidation' and Miss M had identified Loan 1 as one of the debts (alongside another loan and a credit card) that were going to be settled by the lending in question. As a result, it did not appear Miss M's overall indebtedness was increasing in a harmful way. And Admiral had cause to conclude that the lending in question would be financially helpful to her on a monthly basis.

Given what Admiral's credit search showed and what it understood to be Miss M's income, I'm satisfied that there was no obvious reason for it to question the rest of the information it had gathered during its assessment or otherwise make more searching enquiries as to Miss M's financial situation.

With all of this in mind - and noting this appears to have been Miss M's first loan with Admiral and as such, I don't think there was any established pattern in her borrowing needs, at least from Admiral, at that stage - I think Admiral carried out reasonable and proportionate checks prior to agreeing to lend.

Whilst I think Admiral proceeded with a proportionate amount of information, as I've said before, it then had to evaluate it because it still had to reasonably assess whether Miss M could afford to meet the repayments in a sustainable way.

Did Admiral lend to Miss M responsibly using the information it had?

As I've said, the checks Admiral carried out – which I consider to be reasonable and proportionate in the circumstances - suggested that the loan was affordable on a simple pounds and pence basis.

However, whilst it appeared Miss M could afford the repayments on a pounds and pence basis, it's important to note that Admiral was required to establish whether Miss M could *sustainably* make her loan repayments – not just whether the loan payments were technically affordable on a strict pounds and pence calculation.

And, for the reasons I've already set out, I don't think the results of the credit check Admiral carried out ought to have alerted it to the fact that Miss M was having trouble managing her money such that she would have difficulty meeting the monthly repayments as and when they fell due throughout the life of the loan.

During the application process it appears Admiral obtained one monthly bank statement (dated October 2022). The contemporaneous notes seem to suggest this was initially required as proof of address (Miss M had recently moved home and the electoral roll data was, therefore, insufficient to verify her address). But later notes suggest the bank statement was requested because Miss M had recently started with a new employer. But, irrespective of the reason it obtained the bank statement, Admiral could not ignore what it contained.

The first thing I would say is that, whilst I may be mistaken, the bank statement does not appear to be from Miss M's primary account. I say this noting there are very few transactions of the sort you would expect to see as part of day-to-day expenditure. Further, there were transfers totalling £1,100 from another account held in Miss M's name which may have been Miss M's primary account.

But, putting that to one side, I can see the bank statement did show Admiral that Miss M was using her overdraft throughout the month and incurring daily overdraft interest fees as a result. But here I note the committed expenditure (Direct Debits and Standing Orders) evident on the bank statement did not appear to contradict the information Admiral relied on when making its lending decision. And, importantly, I don't think the committed expenditure evident on the bank statement in relation to what Admiral understood to be Miss M's income would have given it cause for concern.

I can see there was no salary present on the bank statement in October 2022. Miss M has explained that she was made redundant in October 2022 before beginning a new job in November 2022. The contemporaneous notes suggest Admiral was aware Miss M had recently started a new job and it was this fact – at least in part - that prompted it to request two monthly payslips to satisfy itself that Miss M's income was as she had stated. In that context, I do not think the absence of a salary in the October 2022 bank statement ought to have given Admiral cause for concern. After all, there was sufficient evidence to show that Miss M was in employment (and had been for around two months) at the time Admiral agreed to lend.

It's also worth noting that, as I've said, the information from the time indicates that Miss M said she was going to use the funds from this loan to consolidate some of her existing debts (specifically two loans and one credit card). I don't know whether Miss M did use the funds for the purpose she stated. However, Admiral would only have been able to make a reasonable decision based on the information it had available at the time. And, as this was the first loan Admiral was providing to Miss M, there wasn't a history of Miss M obtaining funds and then failing to consolidate debts elsewhere in the way she committed to either. So, Admiral was reasonably entitled to believe that Miss M would consolidate some of her existing debts and, therefore, be left in a better position after being provided with this loan.

I understand and accept that Miss M's financial situation may have been worse than the information Admiral gathered at the time suggested. But the extent of Miss M's financial difficulties was not evident from the information Admiral gathered, including the credit search it carried out. And I think I'd be applying the benefit of hindsight unfairly if I were to now use this information to argue that Admiral's checks – including the credit search - were in some way inadequate or incomplete when that didn't appear to be the case at the relevant time.

I accept that a more forensic analysis of Miss M's financial situation may have revealed some of the difficulties Miss M says she was having at the time. However, for the reasons I've explained, I think Admiral carried out proportionate checks even though it looks like some of the information it was provided with didn't tell the whole story. It relied, reasonably in my view, on the information it did have. I don't think it was unreasonable of Admiral to grant the loan in question with all of that being the case.

Did Admiral act unfairly or unreasonably in some other way?

Miss M has said that Admiral rejected a loan application she had made just three months prior to granting the lending in question. I understand the point Miss M is making here – after all Admiral having (what I presume were) affordability concerns just a few months earlier would – at least to some degree - call into question its decision to approve this application.

But, in the circumstances of this complaint, I note Miss M had started a new job in the interim period. So, there was a material change in Miss M's circumstances which may explain why it reached a different lending decision. But, notwithstanding this, for the reasons I've explained I think the information Admiral gathered from the checks it carried out prior to agreeing to lend did not alert it to any affordability concerns. In that context, I don't think Admiral acted unfairly by approving the lending.

Miss M has described the “*significant financial strain*” this lending caused her which resulted in her needing to refinance elsewhere and “*sell personal items to keep up*”. I'm really sorry to hear about the difficulties Miss M was having at the time and possibly continues to experience today. And I would like to thank Miss M for sharing this information, which I imagine wasn't easy to do.

But, for the reasons I've explained, I don't think that Admiral treated Miss M unfairly or unreasonably when providing her with this loan. Therefore, whilst I appreciate this will be very disappointing for Miss M, I'm not upholding her complaint.

In reaching my conclusion, I've also considered whether Admiral acted unfairly or unreasonably in some other way given what Miss M has complained about, including whether their relationship with her might have been viewed as unfair by a court under s.140A Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think Admiral lent irresponsibly to

Miss M 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.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 12 March 2026.

Ross Phillips
Ombudsman