

The complaint

Mr L complains PDL Finance Limited trading as Mr Lender (“Mr Lender”) gave him loans without carrying out sufficient affordability checks.

What happened

A summary of Mr L’s borrowing can be found below.

loan number	loan amount	loan date	repayment date	number of monthly instalments	highest repayment per loan
1	£300	09/06/2024	16/08/2024	3	£167.20
2	£500	01/09/2024	18/12/2024	6	£195.33
3	£400	30/04/2025	18/11/2025	6	£149.12

All of these loans had variable loan repayments, so while the largest payment is listed above the monthly payments did decrease.

Following Mr L’s complaint, Mr Lender wrote to him to explain that it wasn’t going to uphold the complaint as it had conducted proportionate checks. Mr L then referred the complaint to the Financial Ombudsman.

An Investigator then considered the complaint, didn’t uphold it because they were satisfied proportionate checks were conducted. Mr L didn’t agree, and I’ve summarised his responses below – including the recent submissions.

- The findings reached by the Investigator didn’t reflect his actual financial position.
- From February 2025, Mr L’s partner had no income and so he was solely responsible for all the household bills by loan 3.
- The evidence provided showed Mr L’s actual outgoings were higher than what was used for the assessment. Mr L was responsible for a mortgage payment of around £1,600 per month plus other household bills that ranged up to £2,250 per month. While Mr L’s income remained broadly similar at just under £3,000 per month.
- The information provided by Mr Lender about Mr L’s credit commitments can’t be reconciled with information from the same credit reference agency at the same time. Mr L’s credit cards were maxed out and over the life of the agreement Mr L’s overall debt didn’t decrease.
- Mr L’s credit commitments in the months leading up to the loans was incorrect and were greater than Mr Lender worked out and he was borrowing from other payday lenders at the time.
- Mr L provided a copy of an income and expenditure spreadsheet that showed the loans were unaffordable.
- Had bank statements been gathered it would’ve seen extensive gambling on cryptocurrency and use of Buy Now Pay Later (“BNPL”) products.
- Mr L had six declined loan applications from Mr Lender between repaying loan 2 and taking loan 3.

- While there was a break in lending – there was no improvement in Mr L’s financial situation.
- Mr L says that the loan terms were extended by making interest only payments and increasing the amount he had to repay.

Mr L’s comments didn’t change the Investigator’s mind about the complaint and as no agreement has been reached, the case has been passed to me for 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.

We’ve set out our general approach to complaints about this type of lending - including all the relevant rules, guidance and good industry practice - on our website. And I’ve used that to help me decide this complaint.

Mr Lender had to assess the lending to check if Mr L could afford to pay back the amounts he’d borrowed, without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. Mr Lender’s checks could’ve taken into account a number of different things, such as how much was being lent, the size of the repayments, and Mr L’s income and expenditure.

With this in mind, I think in the early stages of a lending relationship, less thorough checks might have been proportionate. But certain factors might suggest Mr Lender should have done more to establish that any lending was sustainable for Mr L. These factors include:

- Mr L having a low 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 amounts to be repaid being especially high (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- Mr L having a large number of loans and/or having these loans over a long period of time (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable);
- Mr L coming back for loans shortly after previous borrowing had been repaid (also suggestive of the borrowing becoming unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable for Mr L. The Investigator didn’t think this applied to Mr L’s complaint and I agree, considering the number of loans granted and the small gap in borrowing between loans 2 and 3.

Mr Lender was required to establish whether Mr L could *sustainably* repay the loans – not just whether he technically had enough money to make his repayments. Having enough money to make the repayments could of course be an indicator that Mr L was able to repay his loans sustainably. But it doesn’t automatically follow that this is the case.

I’ve considered all the arguments, evidence and information provided in this context, and thought about what this means for Mr L’s complaint.

Mr Lender asked Mr L about his income and he told it that he earned £3,200 per month when loans 1 and 2 were granted and then slightly more at £3,296 when loan 3 was granted. For the first loan, Mr Lender made no further checks – it just accepted the income.

But for loans 2 and 3 Mr Lender did use a tool provided by a credit reference agency to check the accuracy of what he had declared. Mr Lender didn't make any adjustments to the income for these loans. When thinking about the amount that was lent, and the monthly payments due I'm satisfied a proportionate check has been carried out into Mr L's income for each loan.

For loan 1, Mr Lender solely relied on the expenditure information given to it by Mr L. I think that was reasonable given it was the first loan.

However, for loans 2 and 3, Mr Lender carried out further checks and this time it cross checked the information it received against data from Mr L's credit file as well as data held by the Office of National Statistics. Taking account of the information that it gathered from Mr L and the results of these checks – it worked out Mr L's outgoings were no more than £2,251 per month leaving around £950 per month in disposable income.

Mr L has explained that due to a change in circumstances at least by the time of loan 3 he was solely responsible for the mortgage – which was around £1,600 whereas for the purposes of the affordability assessment Mr Lender relied on the self declared figure of £816 per month. I've considered this but Mr Lender was reasonably entitled to go with the housing figures provided by Mr L – as it had no reason to doubt what he was saying was incorrect.

Mr Lender also carried out a credit search, and it has provided the Financial Ombudsman with a summary of the results it received from the credit reference agency. I want to add that, although Mr Lender carried out a credit search, there isn't a regulatory requirement to do one, let alone one to a specific standard.

This does mean that the information Mr Lender received may not have been as detailed as what Mr L can see in his own credit report or as detailed as the reports provided by him in response to the Investigator's assessment. As there was no requirement to do a credit search it also means that Mr Lender may have only asked very specific questions of the agency about the sort of information that it wanted to see.

What this does mean is that while I can see Mr L may have had total debts (excluding the mortgage) of around £30,000 at least by loan 3 it doesn't look like, based on what has been provided, that Mr Lender made enquiries with the credit reference agency to understand the total amount of debt a consumer may have.

Of course, that could potentially be inferred from the monthly credit commitments payment but isn't a guarantee. But as I said, there is no requirement for Mr Lender to ask for or receive specific information from the credit reference agencies I therefore can't uphold the complaint for this reason.

I've taken a look at the credit search results for each loan application and Mr Lender was told that for each application Mr L hadn't been insolvent, nor had he received a County Court Judgement within the last three years.

Mr Lender was told for loans 2 and 3 there was at least one other outstanding payday loan at the time Mr Lender advanced the loan. But the presence of one outstanding loan wouldn't have been sufficient to trigger further checks from Mr Lender.

The credit check results don't show for example the level of indebtedness or the difficulties Mr L has spoken about and provided evidence of – such as council tax arrears.

I can't reconcile this with the difficulties Mr L has said he was having at the end of 2024. But this could be down to certain lenders only reporting to certain credit reference agencies and

those weren't the ones used by Mr Lender when conducting the affordability checks. Whatever the reason was, Mr Lender didn't receive information that indicated Mr L was in any financial difficulties. As such, it was entitled to rely on what it was told and proceed on the basis that Mr L wasn't likely having difficulties.

Overall, it was reasonable for Mr Lender to have relied on the information Mr L provided about his income and expenditure as well as the credit check results which showed he had sufficient disposable income to afford the repayments.

Mr L has said that when he applied, the figures he gave to Mr Lender may not have been an entirely accurate reflection of his circumstances at the time. But given the number of loans and the monthly repayments, and the lack of any adverse payment information, then it was entirely fair and reasonable for Mr Lender to have relied on these declarations.

It also follows that it hadn't yet reached the stage where I think Mr Lender needed to verify any of the details which Mr L had provided beyond what it did. As such it would've been disproportionate to have collected his bank statements.

I've also considered how these loans were repaid. Loan 1 was repaid more quickly than planned and loans 2 and 3 were repaid as expected apart from each loan being deferred for one month. This means is that Mr L was able to extend the term of the loan by up to a month by making an interest only payment - rather than the regular interest and capital payment.

However, the regulations that have been in force since 2014, allow a company such as Mr Lender to extend or defer repayment of the loan up to two times per loan. So, the fact that Mr L took advantage of a feature of these loans which is permitted by the regulator isn't something in the wider circumstances Mr Lender would've been concerned about nor have led it to conclude that it needed to conduct further checks.

Mr Lender has confirmed that Mr L made a number of unsuccessful applications after he repaid loan 2 and before he took loan 3. The first application was made on 28 December 2024 – however, Mr L didn't sign the contract and as such the loan application was cancelled.

Mr L then applied again on 31 December 2024, however Mr Lender has explained it needed further information from Mr L – when this wasn't provided the application was not completed. Mr Lender has explained these applications were recorded as "*incomplete applications*"

Due to Mr L not proceeding with two applications Mr Lender's system automatically triggered a cooling off period for three months. Which meant, that while Mr L made the further applications during this time, these would all be automatically declined.

At the end of the three months pause, Mr L then made the application at the end of April 2025, which was approved and became loan 3 in the table above.

I'm satisfied that while Mr L did apply for and was declined for further loan application this wasn't due to Mr Lender declining the loans on affordability grounds - rather than it was part of its triggered cooling off period. Having looked at this more closely, I'm not persuaded that this meant Mr Lender needed to carry out further checks before it provided the final loan.

I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Mr Lender lent irresponsibly to Mr L 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

For the reasons given above, I am not upholding Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 6 May 2026.

Robert Walker
Ombudsman