

## The complaint

Mr S says Lendable Ltd irresponsibly lent to him.

## What happened

Mr S took out two loans from Lendable as set out below.

loan	taken out	value	term	monthly repayment
1	Oct-24	£6,000	24m	£313.75
2	Sep-25	£7,000	30m	£374.25

Mr S says Lendable failed to properly check that these loans were affordable for him.

Lendable says it carried out adequate checks that showed Mr S would be able to repay the loans sustainably. They were both for debt consolidation.

Our investigator did not uphold Mr S's complaint. He said the lender ought to have done better checks, but it could fairly have made the same lending decisions had it done so.

Mr S disagreed and asked for an ombudsman's review. He said, in summary, his income was not stable or consistent due the type of job he had; he was already in financial difficulties using an overdraft facility and being in arrears; and he had recently had to sell employee shares showing he was struggling.

I have reached a different conclusion to the investigator, so I issued a provisional decision. An extract follows and forms part of this final decision.

### *Extract from my provisional decision*

*Lendable says that it carried out all relevant checks when making its decisions and the loans were deemed to be affordable for Mr S.*

*I have reviewed these checks. Lendable asked for details of Mr S's monthly income and verified this with a third-party source that reviewed his current account turnover. It also had access to open banking data for loan 2 though it is not clear how it used this. It asked for his housing costs. It checked Mr S's credit file to understand his credit history and current commitments. From these checks combined Lendable concluded Mr S had enough monthly disposable income to afford to repay both loans and meet his estimated living costs based on national statistics.*

### *Loan 1*

*I think these checks were proportionate given the loan value and the stage in the lending relationship. And I think Lendable made a fair lending decision based on the information it gathered. I'll explain why.*

*Lendable's checks showed that Mr S had £17,032 of existing debt that was costing him £625.80 a month to repay. Based on his verified salary of £2,393 that meant he had £1,767.20 to cover his housing and living costs. He had told Lendable he had no housing costs, so I think it was fair for Lendable to conclude he had sufficient funds to cover this loan and his essential living costs. In addition, Mr S said the loan was for debt consolidation so the repayment cost would not be an incremental monthly expense. I am aware the credit check showed there had been some early arrears on two accounts in the last 12 months. But these had been made good prior to this loan application, so I do not find they were a reason not to lend.*

*It follows I find it was fair for Lendable to give loan 1 to Mr S.*

## **Loan 2**

*I am not persuaded these checks were proportionate, but I won't comment further on this as even based on the information it did I have I do not find Lendable made a fair lending decision. I'll explain why.*

*Lendable's checks showed Mr S now had £33,139 of debt that was costing him £958.25 a month to repay. He had taken out loan 1 to repay debt but his revolving debt had only fallen from £6,816 to £6,525. And his hire purchase agreement had recently defaulted in February 2025. So there was clear evidence that consolidation had failed. In these circumstances I don't think it was reasonable for Lendable to repeat lend to Mr S. It did not have the assurances it needed that further lending would not cause adverse financial consequences for him. It could not assume he would use this loan to settle debts based on the insight it had. This meant he could need to spend half of his verified income on debt repayments each month, a level which created a high risk that he would need to borrow again to repay.*

*It follows I do not find it was fair for Lendable to give loan 2 to Mr S.*

I then set out what Lendable would need to do to put things right.

Mr S accepted the provisional decision. Lendable did not. It asked for the following points to be considered:

- In October 2024 Mr S's revolving credit balance was £6,816 and his balance to limit ratio was 41%. In January 2025 this revolving credit balance had reduced to £728 and the balance to limit ratio was 4%. After loan 2 Mr S's revolving balance fell to £90, which is a clear indication that the loan was used for the purpose that was intended. His revolving credit limit also reduced showing a responsible attitude towards repaying his financial commitments.
- Regarding the hire purchase agreement, in January 2025 the balance reduces significantly from £8,473 to £1,659. This would possibly look to be a situation where the hire purchase agreement has been voluntarily terminated, or that Mr S is in dispute with the finance provider, and not indicative of long-term financial difficulty.
- Mr S has met all his repayments for both loans in full and on time, again showing no signs of financial difficulty.

## **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 unaffordable and irresponsible lending - including the key relevant rules, guidance and good industry practice - on our website and I've taken that into account when considering Mr S's complaint.

I have thought carefully about Lendable's comments but they do not change my conclusion. I'll explain why.

Its reply evidences that Mr S used loan 1 to settle credit card debts. However, less than a year later he had the same amount of revolving debt and was looking to refinance that with a second loan. So, whilst I accept that Lendable is correct that short-term Mr S used the loan for its intended purpose, I cannot agree that Mr S achieved the longer-term purpose of debt consolidation i.e. making the management and repayment of debt easier and cheaper as he rapidly replaced the credit card debt he had settled with new debt.

This means I am still not persuaded Lendable had the assurances it needed that loan 2 would not cause Mr S to again borrow to repay or suffer some other financial harm. Loan 2 had a 30-month term and if Mr S rebuilt his revolving debt in the same way he would need to spend half his income on his debt repayments – a level which the industry knows can be indicative of pending financial difficulties. I anticipate Lendable would argue that it cannot be expected to take into account how Mr S may behave after the lending decision, but the available evidence here gave it some insight based on how his financial position developed after loan 1.

With regards the default on the hire purchase agreement, if it was instead a voluntary termination I would expect to see the 'VT' marker on the credit check. And Lendable has not provided any evidence to support its suggestion that it possibly reflected a dispute between Mr S and the lender, not an indication of financial difficulties. Its suggestion may be right, but it would need to have gathered evidence at the time to verify this to remove the risk of making an irresponsible lending decision. Based on the facts Lendable had sight of, the account had defaulted recently, and typically a consumer will not reach that point if at all financially avoidable. Mr S's testimony is that he was under financial pressure by this stage.

Finally, Lendable argues that Mr S has made all his repayments on time but it does not know how he has done this, so it does not change my decision.

It follows I still think Lendable was wrong to give loan 2 to Mr S.

### **Putting things right for loan 2**

I think it is fair and reasonable for Mr S to repay the capital amount that he borrowed, but he has paid extra for lending that should not have been provided to him so Lendable needs to put that right.

It should:

- Remove all interest, fees and charges on the loan and treat all the payments Mr S made as payments towards the capital.
- If reworking Mr S's loan account results in him having effectively made payments above the original capital borrowed, then Lendable should refund these overpayments with 8% simple interest calculated on the overpayments, from the date the overpayments would have arisen, to the date of settlement\*. Remove any adverse information recorded on Mr S's credit file in relation to the loan.

- If reworking Mr S's loan account results in there being an outstanding capital balance Lendable must try to agree an affordable repayment plan with Mr S. Remove any adverse information recorded on Mr S's credit file in relation to the loan once the outstanding capital has been repaid.

\*HM Revenue & Customs requires Lendable to deduct tax from this interest. Lendable should give Mr S a certificate showing how much tax it's deducted if he asks for one.

I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed above results in fair compensation for Mr S in the circumstances of his 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 Mr S's complaint in part. Lendable Ltd must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 1 April 2026.

Rebecca Connelley  
**Ombudsman**