

The complaint

Mr B complains that Lendable Limited was irresponsible in its lending to him and that he was not adequately assessed for the credit.

What happened

Mr B applied for credit with Lendable and had a loan approved as follows:

Date	Amount of Credit	APR	Loan Term	Monthly Repayment
July 2025	£3,250	48.9%	36 months	£158.75

Mr B complained that Lendable didn't carry out enough checks to ensure that the repayments on the loan were sustainable for him.

He thinks that Lendable should refund the interest and charges applied to the loan and agree a payment plan with him for the remaining balance. He does not feel that the lending should affect his credit rating adversely.

Lendable investigated Mr B's complaint and said it believes it undertook appropriate checks, which confirmed that Mr B met their lending criteria.

Our investigator reviewed matters and was unable to confirm that the checks carried out were proportionate. She went on to review what Lendable would have found if they had carried out proportionate checks. She found that, had further checks been completed, Mr B would more likely than not have been sustainably able to repay the loan, so the decision to lend was not unfair.

Lendable agreed. But Mr B didn't. He says that the loan funded his use of online gambling sites and that he has a severe gambling problem, which has caused him to experience financial difficulty and has had a negative impact on his mental health.

Because an agreement couldn't be reached, the complaint was passed to me to decide.

I previously issued a provisional decision which said the following:

"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 intend to uphold this complaint. I've explained why below.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I've had this approach in mind when considering what's fair and reasonable in the circumstances of this complaint. While I have taken into account the relevant laws and regulations, my decision is based on what I consider fair and reasonable given the unique circumstances of this complaint.

As our investigator has explained, before providing credit, lenders need to complete reasonable and proportionate affordability checks. There isn't a set list of checks a lender is required to carry out, it just needs to ensure the checks are proportionate when considering things like: the type, term and amount of credit being provided, the size of the regular repayments, the total cost of the credit and the consumer's circumstances.

Mr B was provided with a loan of £3,250 over 36 months. Before this, Lendable gathered information about his employment, income and residential status. It used data provided by Mr B along with results returned from credit reference agency (CRA) data. It says it verified his income against the figure he declared, as a net amount of £3,852 per month and it estimated his outgoings based on third party data. Although it obtained access to his current account through open banking, I can't be sure that it used information from his current account statements to validate his outgoings. Mr B's credit check showed that he had a total outstanding debt balance of £47,412, excluding a mortgage of £194,396, and he had 13 active credit accounts with two new accounts opened in the past 6 months. It also appears that he had fallen behind on one of his credit accounts in the month prior to the application.

I agree with the investigator that there is not sufficient evidence provided by Lendable to show that reasonable and proportionate checks were carried out when considering Mr B's loan application. I think the information shown on his credit file should have prompted it to validate his expenditure as well as his income, and, although it obtained open banking data, I can't be sure from the information it provided that it used this to validate the figures he declared.

But, in this circumstance, I have to consider whether reasonable and proportionate checks would more likely than not have shown that he was more likely than not unable to sustainably repay what he was being lent.

For me to consider what reasonable and proportionate checks might have shown, I've looked at Mr B's open banking information from the three months prior to his loan application. This is because it's the easiest way for me to piece together what proportionate checks might have shown had they been carried out at the time.

I can see that Mr B's spending on food and utilities was, on average, around £785 per month. He declared housing costs of £770, which I have verified against his open banking data. His existing debt repayment was verified against CRA data as around £1,378 and the repayments on the Lendable loan were £158.75. Using the monthly net figure of £3,852 that Lendable verified for Mr B's income, this leaves a disposable income of around £762.

However, I can also see a number of significant transactions each month showing withdrawals from Mr B's account to other accounts in his name. Some are marked as 'Savings' but others are not. Those not marked as savings average around £830 per month. Although these alone do not necessarily show a pattern of gambling, I feel that, as part of undertaking proportionate checks, Lendable should have explored these further with Mr B, given the information their checks had already shown on his credit file. Whilst I can't be certain of the outcome of any enquiries to Mr B about these transactions, I can't think of an explanation he could have given about them that would have reassured Lendable that they were not being transferred out of his account to cover a regular financial commitment and wouldn't therefore have impacted his ability to repay the loan because of their impact on his disposable income. So, it follows that I do not think the lending was affordable and sustainable, and Lendable was unfair in its decision to lend to Mr B.

In reaching my conclusions, I've also considered whether the lending relationship between Lendable and Mr B might have been unfair to Mr B under s140A of the Consumer Credit Act 1974.

However, I'm satisfied that what I direct Lendable to do in the section below results in fair compensation for Mr B given the overall circumstances of his complaint. For the reasons I've

explained, I'm also satisfied that, based on what I've seen, no additional award is appropriate in this case.

Putting things right

It is reasonable that Mr B repays the capital he borrowed as he has had the benefit of that money. But he has paid interest and charges on a loan that should not have been given.

So, to put things right, I am minded that Lendable should:

- *Refund/remove all interest and charges and treat all repayments Mr B made as repayments of the capital.*
- *If this results in any overpayment, this should be refunded to Mr B along with 8% simple interest (calculated from the date the overpayments were made to the date of the settlement.**
- *If this results in there being an outstanding capital balance, Lendable must agree an affordable repayment plan with Mr B.*
- *Remove any adverse information from Mr B's credit file once any outstanding capital balance has been repaid.*

**HM Revenue & Customs requires Lendable to take off tax from this interest. Lendable must give Mr B a certificate showing how much tax it's taken off if he asks for one. If it intends to use any refund to reduce the capital balance outstanding it must do so after deducting tax."*

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.

Lendable responded to my provisional decision and provided comments that it wished me to consider. It disagreed with my comment that I couldn't be sure that it had used the open banking information to validate Mr B's outgoing. It also disagreed with my comments about the withdrawals from Mr B's account to another account in his name.

Lendable said that I stated that the transactions in question do not show a pattern of gambling by the customer. But this was not exactly what I said. To reiterate, my actual statement was that, although these alone do not necessarily show a pattern of gambling, I feel that, as part of undertaking proportionate checks, Lendable should have explored these further with Mr B. This is because the transactions were unexplained and could have showed a pattern of gambling or another financial commitment that impacted his disposable income. And Lendable have not provided any further information to persuade me otherwise.

I have considered Lendable's comments but they do not make a material difference to my decision that the checks that they carried out before agreeing to lend to Mr B were not reasonable and proportionate and that the lending was not affordable and sustainable, Therefore, Lendable was unfair in its decision to lend to Mr B.

In reaching my conclusions, I've also considered whether the lending relationship between Lendable and Mr B might have been unfair to Mr B under s140A of the Consumer Credit Act 1974.

However, I'm satisfied that what I direct Lendable to do in the section below results in fair compensation for Mr B given the overall circumstances of his complaint. For the reasons I've explained, I'm also satisfied that, based on what I've seen, no additional award is appropriate in this case.

Putting things right

It is reasonable that Mr B repays the capital he borrowed as he has had the benefit of that money. But he has paid interest and charges on a loan that should not have been given. So, to put things right, I am minded that Lendable should:

- Refund/remove all interest and charges and treat all repayments Mr B made as repayments of the capital.
- If this results in any overpayment, this should be refunded to Mr B along with 8% simple interest (calculated from the date the overpayments were made to the date of the settlement.*
- If this results in there being an outstanding capital balance, Lendable must agree an affordable repayment plan with Mr B.
- Remove any adverse information from Mr B's credit file once any outstanding capital balance has been repaid.

*HM Revenue & Customs requires Lendable to take off tax from this interest. Lendable must give Mr B a certificate showing how much tax it's taken off if he asks for one. If it intends to use any refund to reduce the capital balance outstanding it must do so after deducting tax.

My final decision

It is my final decision that I uphold Mr B's complaint against Lendable Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 April 2026.

Hannah Poulton
Ombudsman