

The complaint

Lendable Ltd, trading as Zable, provided Miss K with a credit card in 2022. It had a credit limit of £200. Zable then increased the credit limit as follows:

Credit Limit Increase (CLI)	New Limit	Effective date
CLI one	£500	November 2022
CLI two	£800	August 2023
CLI three	£1,300	February 2024
CLI four	£1,800	February 2025

Miss K says the credit was provided irresponsibly.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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.

Having considered everything, I'm upholding Miss K's complaint in part and I'll explain why.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website, and I've taken this into account in deciding Miss K's case.

Zable considered information Miss K provided in her application, verified her income, gathered information from a credit reference agency (CRA) and used modelling to calculate cost of living expenses, before providing the credit card.

The CRA information reported a number of prior defaults, but a low level of debt on open accounts.

Zable's assessment suggested Miss K had a sufficient disposable income after her essential spend and existing credit commitments.

Zable used a similar process prior to each CLI, but also had information available to it about how Miss K was managing her credit card account.

Having reviewed the information and approach used by Zable, I am comfortable with its decision to provide the credit card and for CLI one, which increased the limit to £500 in November 2022.

I say this because Miss K's income was around £2,600 per month. After considering reasonable cost of living expenses and the servicing of existing debt, it appeared that Miss K

would have sufficient income remaining to make the modest repayments to Zable, even if the full credit limit was utilised.

However, in each of the three months directly preceding CLI two in August 2023, Miss K's statements showed she had exceeded her credit limit. So I don't think it was fair to increase her credit limit.

Zable have pointed out that the limit was exceeded only after it had applied the interest for the months in question, but I don't think that makes any difference to the fact of Miss K being over the limit.

Emphasising this, Zable sent notifications to Miss K during this period, suggesting she could consider managing her spend closely, or to make an early overpayment to avoid interest charges.

In its correspondence with this service, Zable have told us that a customer exceeding a credit limit due to interest being charged, doesn't mean that the repayments aren't affordable, it could mean that they aren't managing their finances well.

In either case, I don't think it was fair for Zable to increase the credit limit to £800 in August 2023 under those circumstances. It follows that CLI three and CLI four also shouldn't have taken place.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I'm awarding in this case, as set out below, results in fair compensation for Miss K in the circumstances of this complaint. I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right

As I don't think Zable ought to have increased the credit limit to £800, I don't think it's fair for it to be able to charge any interest or charges related to that, under the credit agreement. But I think Miss K should pay back the amounts she borrowed.

Therefore, Lendable Ltd, trading as Zable, should:

- Rework the account removing all interest, fees, charges and insurances (not already refunded) that have been applied to balances above £500 after 19 August 2023.
 - If the rework results in a credit balance, this should be refunded to Miss K along with 8% simple interest per year calculated from the date of each overpayment to the date of settlement*.

Lendable Ltd should also remove all adverse information recorded after 19 August 2023 from Miss K's credit file.

- Or, if after the rework, the outstanding balance still exceeds £500, Lendable Ltd should arrange an affordable repayment plan with Miss K for the remaining amount. Once Miss K has cleared the outstanding balance, any adverse information recorded after 19 August 2023 in relation to the account should be removed from her credit file.

*HM Revenue & Customs requires Lendable to take off tax from this interest. Lendable Ltd must give Miss K a certificate showing how much tax it's taken off if she asks for one.

My final decision

For the reasons outlined, I'm upholding this complaint and direct Lendable Ltd, trading as Zable, to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept

or reject my decision before 30 April 2026.

David Barker
Ombudsman