

## The complaint

Mrs B complains that PDL Finance Limited trading as Mr Lender (“Mr Lender”) lent to her irresponsibly.

## What happened

Mrs B took three loans with Mr Lender. One was taken in June 2023 and one in January 2024, both for £500 and both have been paid off. The third was for £1,500 taken in September 2024 and at the time of Mr Lender’s final response letter (FRL) in October 2025 it remained outstanding. Mrs B is in a repayment plan to pay it off.

In that FRL Mr Lender offered ‘...to reduce your third loan to the remaining capital amount of £395.03, which can be continued to be repaid via your debt management plan. Meaning, you would repay no interest towards your third loan with Mr Lender.’

Plus, it offered to remove all three loans from Mrs B’s credit file.

Our investigator considered the complaint, did not think that Mr Lender had done anything wrong with Loans 1 and 2 and endorsed the offer made by Mr Lender as being fair. Mrs B disagreed (in part) and the unresolved complaint was passed to me to decide.

## 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.

Mr Lender needed to make sure that it didn’t lend irresponsibly. In practice, what this means is that it needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mrs B before providing it.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. And I’ve used this approach to help me decide her complaint.

Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship. But we might think it needed to do more if, for example, a borrower’s income was low, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggesting the lender needed to know more about a prospective borrower’s ability to repay.

Mrs B’s complaint form to us says she’d like ‘*Mr Lender to refund all interest and charges paid on the loans, remove any adverse or negative information recorded on my credit file.*’

As Mr Lender has already agreed to do that for Loan 3 and to remove all entries (for all three loans) from her credit file then the disputed part of this complaint relates to the original approval of Loans 1 and 2. Plus Mrs B seems to have accepted the outcome for the third loan as she has asked that an ombudsman reviews Loans 1 and 2 only. Her main concern surrounds the fact that she was using her overdraft and was, in her view, overindebted. Mrs B has sent to us copies of her bank account statements.

### Loan 1

Loan 1 was Mrs B's first loan for a modest amount of £500 repayable over nine months with variable repayment amounts, the highest being around £138 and the lowest being £66. The checks Mr Lender carried out were commensurate with what I'd have expected it to have done for a first loan. Mrs B's income covered her declared expenses. It carried out a credit search, and recognised that Mrs B had no adverse data, had no records of recent or current insolvencies and had no current 'advance against income' loans.

I consider it carried out proportionate checks and so there would have been no need for Mr Lender to have carried out more checks. Therefore, it would not have needed to have reviewed any bank account statements. This is not a regulatory requirement.

And use of an overdraft is not, on its own, a reason for a lender to consider refusing a loan application. I do not uphold the complaint about Loan 1.

The removal of the credit file entry for this loan has been further confirmed by Mr Lender and as this is a step we would not necessarily recommend for a responsibly approved loan then I consider that a further positive outcome for Mrs B for this complaint.

### *Loan 2*

Loan 2 was applied for in January 2024 after Mrs B had repaid Loan 1 several months earlier than scheduled on 13 December 2023. A lender taking account of an earlier good repayment history is a fair and reasonable approach.

Mr Lender verified her income and carried out a credit search and recognised that Mrs B had no adverse data, had no records of recent or current insolvencies and had no current 'advance against income' loans. It verified her income as £1,800 a month after tax. It used the information it had from Mrs B for her expenditure and calculated that Mrs B could afford Loan 2. The highest instalment for Loan 2 was £133 and the lowest was £66. Mrs B repaid this loan early in August 2024.

I consider Mr Lender carried out proportionate checks and so there would have been no need for Mr Lender to have carried out more checks. Therefore, it would not have needed to have reviewed any bank account statements. This is not a regulatory requirement.

And use of an overdraft is not, on its own, a reason for a lender to consider refusing a loan application. I do not uphold the complaint about Loan 2.

The removal of the credit file entry for this loan has been further confirmed by Mr Lender and as this is a step we would not necessarily recommend for a responsibly approved loan then I consider that a further positive outcome for Mrs B for this complaint.

### *Loan 3*

If I had decided to uphold the complaint about Loan 3 then the usual approach we take on redress is for the interest paid over to Mr Lender (plus some added simple interest) to be refunded to Mrs B. As Mrs B, when she raised this complaint, had not yet got to the point where her payments had repaid the capital sum of £1,500 then there's no interest to refund.

So, Mr Lender's offer to expect Mrs B to pay the capital sum only of £1,500 amounts to the same outcome – as if I had upheld the complaint. So, there may still be a balance to pay and it has said that it is content for the existing repayment plan to continue as before. And I do not interfere with that.

I endorse the offer to remove all three of the loan records from Mrs B's credit file. This would be more than we would have directed. And so is a positive outcome for Mrs B on that detail.

I've also considered whether Mr Lender acted unfairly or unreasonably in any other way and 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 it lent irresponsibly to Mrs B or otherwise treated her 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.

### **Putting things right**

I direct that, if Mr Lender has not already done so, it actions the offer it made in the FRL. This means that Mrs B is expected to repay the capital sum of £1,500 only on Loan 3.

And it means that all three loans are to be removed from Mrs B's credit file. I'd add that I'd expect that to be carried out for Loan 3 when it has been repaid. It may already have been repaid. But Loans 1 and 2 can be removed now, if not already done so.

### **My final decision**

My final decision is that I uphold the complaint in part.

I endorse the offer made by Mr Lender to Mrs B and, unless it has already done so, I expect it to carry out those actions for Mrs B in relation to the credit file and the removal of interest and charges from Loan 3.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 14 May 2026.

Rachael Williams  
**Ombudsman**