

## The complaint

Mr H complains PDL Finance trading as Mr Lender irresponsibly lent to him.

## What happened

PDL Finance provided Mr H with two loans as follows:

Loan Number	Date of Sale	Loan Amount	Largest Monthly Repayment	Number of Instalments (months)	Total amount repayable
1	12/05/2025	£500	£111.41	13	£985.38
2	08/09/2025	£400	£149.12	6	£711.94

In September 2025, Mr H complained to PDL Finance about its decision to lend. In doing so, Mr H said, amongst other things, that PDL Finance failed to carry out sufficient checks to establish whether the lending was sustainably affordable for him.

In October 2025, PDL Finance issued its final response letter in which it did not uphold the complaint. In doing so, it said it carried out proportionate checks prior to agreeing to lend, and the output from those checks suggested the loans would have been affordable for Mr H.

Unhappy with this, Mr H referred his complaint to our service. In doing so, Mr H said:

*“I am complaining about the affordability of a second loan provided to me by Mr Lender. I previously took out a first loan which I repaid, and shortly afterwards Mr Lender approved a second loan. I believe the second loan was not sustainably affordable at the time it was granted and that insufficient checks were carried out given the cumulative impact of repeat borrowing. I had recently taken out lots of payday borrowing and had lots of outstanding debt.”*

One of our investigators reviewed Mr H’s complaint. But they didn’t think PDL Finance had treated Mr H unfairly, and so they didn’t recommend that the complaint be upheld. In doing so, the investigator said that PDL Finance conducted reasonable and proportionate checks prior to agreeing to lend and it made fair lending decisions based on the information it gathered as a result of those checks.

Mr H didn’t agree with the investigator’s findings and so the complaint was passed to me to review afresh.

Before I proceed, I will set out the scope of this decision. Mr H is, very clearly in my view, only seeking to complain about PDL Finance’s decision to provide him with Loan 2. The Complaint Form he provided to our service is unequivocal in this regard (see above).

But, even if I’m wrong about that (and I don’t think I am) I note that, in response to the investigator’s opinion, Mr H said *“I reject the findings of this outcome, I am yet to see proof of how open banking proved the second loan was affordable. Considering I had just taken two payday loans the same month”*. Therefore, it seems Mr H only disagreed with the

investigator's opinion insofar as it relates to Loan 2. With that being the case, even if Mr H was complaining about both loans initially (which I don't think he was), I don't think Loan 1 remains in dispute now.

With all of that being the case, I will only consider PDL Finance's decision to provide Loan 2 here.

### **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.

I've also had regard to the regulator's rules and guidance on responsible lending (set out in its consumer credit handbook – CONC) which lenders, such as PDL Finance, need to abide by. I won't set these out in detail here, but the Financial Ombudsman Service has set out its general approach to complaints about irresponsible and unaffordable lending on its website.

And, having taken all of this into account along with everything else I need to consider, I do not think this complaint should be upheld. I know this will come as a disappointment to Mr H, but I'll explain why I think it is a fair outcome in the circumstances.

PDL Finance needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mr H could repay the loan repayments when they fell due and without the need to borrow further. These checks weren't prescriptive, but could take into account a number of different things such as how much was being lent, the repayment amounts and the consumer's income and expenditure.

So, in keeping with the information on the Financial Ombudsman Service's website, I think there are a number of overarching questions I need to consider when deciding a fair and reasonable outcome given the circumstances of this complaint:

1. Did PDL Finance carry out reasonable and proportionate checks to satisfy itself that Mr H was likely to have been able to repay the borrowing in a sustainable way?
  - i. If PDL Finance carried out such checks, did it lend to Mr H responsibly using the information it had?

Or

  - ii. If PDL Finance didn't carry out such checks, would appropriate checks have demonstrated that Mr H was unlikely to have been able to repay the borrowing in a sustainable way?
2. If relevant, did Mr H lose out as a result of PDL Finance's decision to lend to him?
3. Did PDL Finance act unfairly or unreasonably in some other way?

There are many factors that could be relevant when determining how detailed proportionate checks should have been. And while much will depend on the circumstances in question, the more obvious factors include – though aren't necessarily limited to:

- The type of credit Mr H was applying for along with the size, length and cost of the borrowing; and

- Mr H's financial circumstances – which included his financial history and outlook along with his situation as it was, including signs of vulnerability and/or financial difficulty.

And generally speaking, I think reasonable and proportionate checks ought to have been more thorough:

- The lower an applicant's income because it could be more difficult to make the repayments as a result;
- The higher the amount repayable because it could be more difficult to meet a higher repayment, especially from a lower level of income; and
- The longer the loan term, because the total cost of the credit was likely to have been greater given the longer time over which repayments have to be made.

As a result, the circumstances in which it was reasonable to conclude that a less detailed affordability assessment was proportionate strike me as being more likely to be limited to applicants whose financial situation was stable and whose borrowing was relatively insignificant and short-lived – especially in the early stages of a lending relationship.

I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Mr H's complaint.

#### Did PDL Finance carry out reasonable and proportionate checks?

Prior to agreeing to lend, Mr H was asked to provide details of his net monthly income. Mr H declared his net monthly income was £2,950. However, PDL Finance didn't rely solely on what it was told by Mr H in relation to his income.

Indeed, CONC 5.2a.15(2) says: "*The firm must take reasonable steps to determine the amount, or make a reasonable estimate, of the customer's current income.*"

And CONC 5.2A.16(3) says: "*...it is not generally sufficient to rely solely on a statement of current income made by the customer without independent evidence (for example, in the form of information supplied by a credit reference agency or documentation of a third party supplied by the third party or by the customer).*"

In this case, PDL Finance used a service provided by a credit reference agency which uses current account data to indicate whether Mr H's declared income was likely to be an accurate reflection of what he was receiving. The results from this came back as 'Green' which suggested the figure Mr H had declared was likely to be accurate. And it is important to be clear at this juncture that a check of this kind does not mean that PDL Finance had access to Mr H's bank statements prior to agreeing to lend. It is simply a service which provides a confidence rating for a declared income based on current account activity.

Using some form of current account turnover check is an acceptable industry-standard way of assessing income. And in the circumstances of this case, given what PDL Finance found matched what Mr H had declared, I think it was reasonable for it to rely on this information.

With regards to expenditure, PDL Finance asked Mr H how much he was paying towards his rent/mortgage. Mr H declared he was paying £255 each month.

PDL Finance also asked Mr H about his regular monthly outgoings across a number of categories, including utilities, groceries, travel, clothing, telecommunications, Council Tax, payments towards existing credit commitments and 'ad hoc bills'. Mr H's declared monthly spending across these categories came to £1,150.

In its affordability assessment PDL Finance relied on the information Mr H declared about his rent/mortgage. But it increased Mr H's expenditure across the other categories slightly based on Office of National Statistics (ONS) data.

CONC 5.2A.19(G)(1) says: "*For the purpose of considering the customer's non-discretionary expenditure...the firm may take into account statistical data unless it knows or has reasonable cause to suspect that the customer's non-discretionary expenditure is significantly higher than that described in the data or that the data are unlikely to be reasonably representative of the customer's situation*".

I haven't seen anything in the information PDL Finance had available to it which suggested that ONS data was unlikely to be broadly representative of Mr H's non-discretionary expenditure. I think this is particularly so bearing in mind the ONS data broadly matched Mr H's own declarations. So, I'm satisfied PDL Finance acted fairly when it relied on this during its affordability assessment.

So, according to PDL Finance's affordability assessment, Mr H was spending around £1,584 each month. Deducting this from what PDL Finance understood to be Mr H's income, the loan appeared to be affordable for him.

It wasn't a particularly large loan, and the monthly repayments were not particularly substantial in relation to what PDL Finance understood to be Mr H's income. And it was repayable over a reasonably short period of time.

With all of this in mind, I think PDL Finance proceeded with a proportionate amount of information. However, as I've said before, once PDL Finance had the information it thought it needed, it then had to evaluate it because it still had to reasonably assess whether Mr H could afford to meet the loan repayments in a sustainable way over the term of the loan.

Did PDL Finance lend to Mr H responsibly using the information it had?

Based on the information PDL Finance gathered at the time it agreed to lend it looked like he had £1,366 disposable income per month. So, PDL Finance was satisfied that the loan repayments for Loan 2 (the largest of which was £149.12) should've been affordable for Mr H on a simple pounds and pence basis.

On the face of it, it is difficult to reconcile such a significant amount of monthly disposable income - and a loan application for only £400 - especially when it came at quite a high cost. However, I acknowledge that people make all sorts of decisions for all sorts of reasons. And it isn't for me to impose my own view on the merits of applying for loans like the ones in question only to then conclude that PDL Finance should have refused to lend on that basis alone.

And, of course, the loan payments being affordable on a pounds and pence basis might be an indication a consumer could sustainably make their repayments. But it doesn't automatically follow this is the case. This is because the relevant regulations define sustainable as being without undue difficulties and in particular the customer should be able to make repayments on time, while meeting other reasonable commitments; as well as without having to borrow to meet the repayments. And it follows that a lender should realise, or it ought fairly and reasonably to realise, that a borrower won't be able to make their

repayments sustainably if they're unlikely to be able to make their repayments without borrowing further.

So I've turned to look at the rest of the information PDL Finance gathered prior to agreeing to loan. As I've said, PDL Finance also carried out a credit check. And although the credit search results PDL Finance has sent to us are brief, it indicates that it had no reasons to be concerned. The results suggested there was no active advances against income, and there was no indication of any insolvencies or any other public records – such as County Court Judgments – about which PDL Finance had been informed.

So, looking at things in the round, I don't think the results of the credit check PDL Finance carried out should have prompted further checks or prevented it from lending to Mr H.

And bearing in mind it wasn't an unusually large loan, and it was repayable over a period of just six months, I don't think PDL Finance had any good reason to think Mr H's financial situation was likely to change significantly during the loan term such that he would experience difficulty making the monthly repayments as they fell due.

I understand Mr H says that his financial situation was worse than the information PDL Finance gathered at the time suggested including, but not limited to, a high level of existing debt and recent payday borrowing. I accept that a more forensic analysis of Mr H's financial situation – such as a granular review of his bank statements from the time or similar – may have revealed this to be the case. However, for the reasons I've explained, I think PDL Finance carried out proportionate checks even though it looks like some of the information it was provided with didn't tell the whole story. It relied, reasonably in my view, on the information it did have. And given the size of Mr H's monthly repayments, I don't think it was unreasonable of PDL Finance to grant the loan in question with all of that being the case.

With that being the case, I don't think PDL Finance acted unfairly when it approved Loan 2.

#### Did PDL Finance act unfairly or unreasonably in some other way?

Whilst I accept this will come as a disappointment to Mr H, I think PDL Finance carried out reasonable and proportionate checks prior to agreeing to lend. And I don't think there was anything within the checks PDL Finance carried out that suggested to it that Mr H would struggle to afford the monthly repayments over the term of the loan.

In reaching this decision, I've also considered whether PDL Finance acted unfairly or unreasonably in some other way given what Mr H has complained about, including whether their relationship with him might have been viewed as unfair by a court under s.140A Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think PDL Finance lent irresponsibly to Mr H or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

In closing, and to be clear, I'm not saying that Mr H wasn't – or isn't now – under financial pressure. It's just that here, in these circumstances, PDL Finance didn't discover that; and that's something I don't consider a failing, for the reasons I've explained. So, I can't fairly conclude that PDL Finance acted irresponsibly or otherwise treated Mr H unfairly in relation to this matter; it follows that I don't uphold the complaint.

**My final decision**

My final decision is that I do not uphold Mr H's complaint about PDL Finance trading as Mr Lender.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 29 April 2026.

Ross Phillips  
**Ombudsman**