

The complaint

Mr P complains that Lendable Ltd didn't agree to write off a loan he holds with them, despite explaining to them that he was coerced into taking out the loan by a third-party.

What happened

In December 2021, an online application for a £1,000 loan was made to Lendable in Mr P's name. Mr P's identification documents were uploaded as part of the application process, alongside his contact details including his email address and phone number.

The first repayment was made as expected in January 2022 however, in February, Mr P contacted Lendable to discuss changing the date of the repayments.

In March, Mr P told Lendable that his work hours had reduced, and he would be unable to make any repayments until June 2022. In June, Mr P said he could start making reduced monthly repayments and could return to full contractual repayments from November 2022.

In September 2022, Mr P contacted Lendable and asked them to write off the remaining debt as he said the loan was taken out in his name under coercion from a third-party. He also wanted the missed and late payment markers removed from his credit file. Lendable said they were unable to write off the loan, but they could look at putting a payment support plan in place.

There were some further discussions between the two parties, but the matter remained unresolved. As such, Mr P contacted our service and we contacted Lendable on his behalf to raise his complaint. Mr P made our service aware that he has a diagnosed vulnerability, so our investigator made Lendable aware of this.

Lendable provided their response to Mr P's complaint in February 2023. They said they didn't uphold the complaint as they'd had no concerns before approving the loan application and they said Mr P had accepted liability for the loan. They also confirmed they had offered Mr P payment support on a number of occasions.

Our investigator considered the information from both parties, but she didn't think Lendable had made an error. She said she was unable to ask Lendable to remove the default and late payment markers, however, she would expect them to treat this loan with forbearance and work with Mr P in relation to the repayment of it now that they were aware of his circumstances.

Mr P was unhappy with this outcome and reiterated it was a third-party who had taken out the loan, so he wasn't responsible for the debt. He would like his diagnosis taken into consideration, the loan to be written off and his credit file repaired.

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 P told us that he took out the loan, although he says he did so under coercion from a third-party who used the funds for their own gain. I understand this is a highly emotive matter for Mr P, however, as Mr P accepts he took out the loan, it means that he's party to the loan agreement and so, legally, Lendable is entitled to expect him to repay it. That's a relevant matter for me to consider.

But I also need to think about what's fair and reasonable in all the circumstances. That includes thinking about whether Lendable ought reasonably to have lent – whether the loan was affordable and sustainable for Mr P, and whether Lendable ought reasonably to have questioned whether Mr P was acting under coercion. And it includes thinking about the forbearance Lendable ought to show now it's aware of how the loan came about and Mr P's vulnerability more widely.

The lending decision

Lendable were responsible for ensuring they didn't lend irresponsibly. This means that Lendable needed to carry out proportionate checks to be able to understand whether Mr P could afford to repay the loan before they provided it to him.

Our website sets out what we typically think about when deciding if a lender's checks were proportionate. We'd usually think it was reasonable for a lender to ask for less information when the amount being borrowed is relatively small and for a short period of time, as opposed to a higher level of borrowing to be repaid over a much longer time.

Mr P applied online for the loan through one of Lendable's marketing partners, Experian. Lendable provided Mr P with a loan for £1,000.00 in December 2021. This loan was due to be repaid in 12 monthly instalments of around £100.

Lendable has shown us the application details provided by Mr P including details of his annual and monthly income and his monthly expenditure on accommodation.

Lendable has also shared the results of the credit checks it carried out prior to approving Mr P's loan. There is evidence that Mr P frequently took out short-term loans and that he had a good repayment history. From these checks, Lendable concluded that Mr P could afford the loan.

Having reviewed the application process, I have also seen evidence to show that Lendable's criteria for identification checks were similarly met in respect of Mr P's application. And his application passed Lendable's fraud and security checks.

Based on the type of lending this was, including the amount borrowed and the repayment schedule, I think these checks were proportionate and Lendable made a fair lending decision in the circumstances.

Coercion

Mr P told us that although he took out the loan, he did so under coercion from a third-party who used the funds for their own gain. Our investigator asked Mr P to provide us with some further information or evidence about what happened to the funds after they were transferred into his account. She also asked for any evidence of communication between Mr P and the person he said benefited from the loan, as Mr P had mentioned the money was used by the third-party to clear a debt and invest in Crypto Currency.

Mr P told us he didn't have access to the account the loan was paid into anymore and that he had forgotten the details of the account. He also said he no longer held any proof of

conversations that took place between him and the third-party about the loan.

As Mr P hasn't been able to show us that he didn't have the benefit of the loan, or provide any evidence of how the coercion worked, I've reviewed his application and the details he provided to Lendable to see if there was anything that might have made Lendable concerned or suspicious about the loan application.

I note that the application was made online, so Lendable didn't have direct contact with Mr P at the time the loan was taken out.

In addition, I can see the email address and phone number provided to our service by Mr P match those supplied to Lendable on the loan application, and the bank account the loan was paid into was verified as owned by Mr P when the direct debit was set up.

Lendable also provided us with a report showing all of Mr P's emails to and from them were sent and received by Mr P's genuine email address.

So, while I don't discount Mr P's testimony, I've not seen anything that I think ought to have made Lendable concerned that the loan was being applied for by anyone other than Mr P, or that Mr P was being coerced into applying for the loan. Lendable hadn't been made aware of Mr P's diagnosed vulnerability either, so I can't see any reason why Lendable might have needed to carry out any additional checks or provide reasonable adjustments for Mr P during the application process.

I've also not seen enough evidence from Mr P to persuade me that he wasn't the person who applied for the lending, or that he didn't have the benefit of the funds. So, it wouldn't be fair or reasonable for me to make a finding against Lendable in this respect.

The repayment of the loan

Mr P accepts he took out the loan, and so, legally, Lendable is entitled to expect him to repay it. And as I've concluded above that I think Lendable made a fair lending decision, and that I didn't think that Lendable ought reasonably to have had concerns about whether Mr P was acting under coercion, I think it's fair for Lendable to expect Mr P to repay the loan.

With that in mind, I've considered whether I think Lendable treated Mr P fairly when he made them aware that he was facing difficulties with repaying the loan. I can see from emails and texts provided by both parties that Lendable reacted quickly, explaining that although they couldn't write off the whole loan, they could put a payment support plan in place to help. They also signposted Mr P to organisations that might be able to help him further.

In addition, Lendable put the account on hold in January 2023 while we conducted our investigation. So, I've seen evidence to show that Lendable have been supportive and offered Mr P assistance as soon as they became aware of his financial difficulties.

However, as our investigator has pointed out, Lendable are now aware that Mr P has a diagnosed vulnerability, so they have an ongoing obligation to work with him in respect of a repayment plan for this loan and to ensure he is treated fairly. Lendable have already shown that they are willing to work with Mr P to put a payment support plan in place, but Mr P also needs to communicate with them to find a way forward for both parties.

I appreciate that my decision will be disappointing for Mr P, but I've not found that Lendable acted unfairly in the provision of the loan or in attempting to recover the debt from him. So, I won't be asking them to write off the loan or to remove the default or late payment markers from his account.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 28 March 2024.

Tara Richardson
Ombudsman