

Complaint

Mr M complains that Lendable Ltd (“Lendable”) irresponsibly lent to him.

Background

Lendable provided Mr M with a loan for £1,000.00 in November 2022. This loan was due to be repaid in 23 monthly instalments of £55.91 and a final instalment of £54.92.

One of our adjudicators reviewed what Mr M and Lendable had told us. And she thought that Lendable hadn’t done anything wrong or treated Mr M unfairly. So she didn’t recommend that Mr M’s complaint be upheld. Mr M disagreed and asked for an ombudsman to look at his complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr M’s complaint.

Lendable needed to make sure that it didn’t lend irresponsibly. In practice, what this means is Lendable needed to carry out proportionate checks to be able to understand whether Mr M could afford to repay before providing this loan. Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. 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 it – 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 or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Lendable provided Mr M with a loan for £1,000.00 in November 2022. This loan was due to be repaid in 24 instalments of around £55. Lendable says it agreed to Mr M’s application after he provided details of his monthly income and some information on his expenditure. It says it cross-checked this against information on a credit search it carried out and all of this information showed Mr M could comfortably afford to make the repayments he was committing to. On the other hand, Mr M has said he was already in a lot of debt and he has all the evidence to prove as such.

I’ve carefully thought about what Mr M and Lendable have said.

The first thing for me to say is that Lendable has provided a record of the results of its credit searches. Lendable searches appear to show that Mr M had some existing credit. And while I appreciate that Mr M believes that he already owed too much I don’t think that amounts

shown on the credit search were excessive in comparison to his income. Furthermore, the monthly payments to this loan were low.

I accept that Mr M's actual circumstances may not have been fully reflected either in the information he provided, or the information Lendable obtained. For example, I know that Mr M says that he had high discretionary spending. And it's possible that if Lendable knew about this it may have reached a different answer.

But the key here is that Lendable was providing a loan with low monthly payments over a relatively short period of time. And in these circumstances, I wouldn't have expected it to have found out much if anything about Mr M's discretionary spending. Given the information obtained suggested the loans were affordable and the lack of obvious inconsistencies, I don't think Lendable needed to do anything further.

As this is the case, I don't think that Lendable did anything wrong when deciding to lend to Mr M - it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable.

So overall I don't think that Lendable treated Mr M unfairly or unreasonably when providing him with his loan. And I'm not upholding Mr M's complaint. I appreciate this will be very disappointing for Mr M. But I hope that Mr M will understand the reasons for my final decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 4 August 2023.

Jeshen Narayanan
Ombudsman