

Complaint

Mr H has complained about loans Lendable Ltd (trading as “Lendable”) provided to him. He says the loans were unaffordable.

Background

Lendable provided Mr H with a first loan for £1,000.00 in January 2022. This loan was due to be repaid in 11 monthly instalments of £98.75 and a final instalment of £98.17. In December 2022, Mr H was provided with a second loan for £1,000.00. This loan also had a 36-month term with 35 monthly repayments of around £48.37 followed by a final repayment of £49.03.

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

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 H’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 H 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 H with two loans for £1,000.00 in January 2022 and December 2022. These loans were due to be repaid in 12 and 36 monthly instalments respectively. Lendable says it agreed to Mr H’s applications 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 H could comfortably afford to make the repayments he was committing to. On the other hand, Mr H has said the loans were unaffordable.

I’ve carefully thought about what Mr H 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 H did have some existing debts but that his commitments

at the time were relatively well maintained. Crucially, according to the credit searches, Mr H's debt total at the time of the applications was low in comparison to his income.

I've also kept in mind that Lendable provided a second loan to Mr H and that sometimes repeat borrowing in itself can be an indication of difficulty. But loan 2 wasn't for a larger amount than loan 1. And the combined monthly payments, which would only due to be made for 1 month, weren't excessive either.

So while the pattern of lending here has seen me take a closer look at the individual applications, I'm satisfied that it wasn't immediately obvious that Mr H might have taken loan 2 because of the effect loan 1 might have left on his finances. And there isn't anything else obvious in these applications which clearly demonstrates Mr H couldn't have afforded the loans either.

I accept that Mr H's actual circumstances may not have been fully reflected either in the information he provided, or the information Lendable obtained. But the key here is that it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. Given the circumstances here, and the lack of obvious inconsistencies, I'm satisfied that Lendable was reasonably entitled to lend to Mr H. I say this while especially mindful that we haven't been provided with anything which demonstrates the loans were obviously unaffordable either.

As this is the case, I don't think that Lendable did anything wrong when deciding to lend to Mr H - it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable. And the second loan was provided in circumstances where Mr H's indebtedness didn't appear to be increasing unsustainably.

So overall I don't think that Lendable treated Mr H unfairly or unreasonably when providing him with his loans. And I'm not upholding Mr H's complaint. I appreciate this will be very disappointing for Mr H. But I hope he'll understand the reasons for my 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 H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 18 August 2023.

Jeshen Narayanan
Ombudsman