

## **The complaint**

Mr H complains that Admiral Financial Services Limited trading as Admiral Money, lent to him irresponsibly.

## **What happened**

In April 2019, Mr H applied for and received a loan of £5,000 from Admiral for a car. It was to be repaid in 60 monthly instalments of £122.12. Mr H says Admiral didn't carry out sufficient checks at the time to ensure it was affordable for him. He says it ought to have checked his bank statements and if it had, it would have seen he had a gambling problem and didn't have the level of disposable income Admiral calculated.

Admiral looked into Mr H's complaint and issued a final response letter. It said it had completed its usual automated checks which included a review of his credit file. Admiral said it found he had little other debt and, using the information he'd provided along with statistical data, it calculated he had around £760 monthly disposable income. It rejected his complaint.

Mr H was unhappy with Admiral's response, so he referred his complaint to our service. One of our investigators looked into it. He said he felt Admiral had carried out reasonable and proportionate checks. Our investigator said Admiral had been entitled to rely on the income Mr H had given at the time - £40,000 per year - and had verified it using credit reference agencies. Mr H had no County Court Judgments (CCJs) or other adverse information on his credit file. Overall our investigator felt Admiral had reached a fair decision to lend to Mr H.

Admiral accepted what our investigator said but Mr H didn't. He said the loan was a significant commitment over a long period of time, so Admiral ought to have done more than its standard checks to ensure the loan would be repayable on a sustainable basis. Had it done so, Mr H says Admiral would have found his income was not £2,548 per month, but around £1,000 per month. He accepted he'd inflated his income on his application but said he did so because he was desperate.

As there was no agreement, the complaint has been passed to me for a decision.

## **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.

It's important to note that I have read and considered everything both Admiral and Mr H has said, but will refer to the points I consider to be key. Just because I don't refer directly to a point raised by either side, doesn't mean I've not considered it, but it reflects the informal nature of our service.

We've set out our approach to complaints about unaffordable and irresponsible lending on our website – including the key relevant rules, guidance, good industry practice and law. I've considered this approach when deciding this complaint.

I think there are key questions I need to consider in order to decide what is fair and reasonable in the circumstances of this complaint:

- Did Admiral carry out reasonable and proportionate checks to satisfy itself that Mr H was in a position to sustainably repay the loan?
- Did Admiral make a fair lending decision?
- Did Admiral act unfairly or unreasonably towards Mr H in some other way?

Admiral had to carry out reasonable and proportionate checks to satisfy itself that Mr H would be able to repay the loan sustainably. It's not about Admiral assessing the likelihood of it being repaid, but it had to consider the impact of the loan repayments on him. There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the loan, the amount of the monthly repayments and the overall circumstances of the borrower.

#### Did Admiral carry out reasonable and proportionate checks?

As part of the application process, Admiral asked Mr H for details of his circumstances. He told it he was living with parents, was employed full time and had an annual income of £40,000 per year. He said he paid no rent, mortgage or monthly outgoings.

Admiral took this information and ran it through its usual processes. This included verifying his income using a widely used automated tool. Admiral checked his credit file and found nothing of concern – no late payments, defaults, CCJ's or bankruptcies. It used his credit report to calculate his commitments to other lenders, and used statistical information to estimate his living expenses. After taking all this into account along with the repayment to this new loan, Admiral calculated Mr H had a monthly disposable income of around £640. It was satisfied with those checks and agreed the loan.

I've thought carefully about whether the checks were reasonable and proportionate to the amount borrowed and the length of the commitment. Having done so, I think they were. Let me explain.

Mr H applied to Admiral and answered the questions put to him in the application. Admiral had every right to assume the information given was correct. Despite that however, it took steps to verify his income and confirmed the figure given was not unreasonable. Mr H hadn't declared committed expenditure, but Admiral didn't accept that and used his credit report and statistical information to calculate what it considered to be reasonable given his circumstances. As I've already said, there was no adverse information on his credit file.

So it seems to me that Admiral had carried out checks using the information Mr H had provided. It saw no reason to dispute any of what Mr H had said and it appeared he had more than enough income to meet the loan repayment. I don't think there was anything in what Mr H had told it or that it had found out that ought to have led it to carry out any further checks.

#### Did Admiral make a fair lending decision?

I've explained that I think the checks carried out on Mr H's application were reasonable and proportionate. As those checks didn't identify anything which I think ought to have caused it any concerns, it follows that I think it reached a fair decision to lend to him.

#### Did Admiral act unfairly or unreasonably towards Mr H in some other way?

I've carefully read, listened to and thought about all the evidence provided by each party to this complaint. Having done so, I don't think Admiral has acted unfairly or unreasonably towards Mr H in some other way.

If Mr H finds himself in financial difficulty as a result of this loan, I'd encourage him to speak with Admiral to agree a reasonable repayment plan. I'd remind Admiral of its obligation to treat customers in financial difficulty fairly.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 6 May 2024.

Richard Hale  
**Ombudsman**