

## **The complaint**

Mr H has complained that Admiral Financial Services Ltd (“Admiral”) acted unfairly when turning down his application for a loan.

## **What happened**

In 2023, Mr H applied for a loan with Admiral. This had been advertised to him via a third party website, where it said the loan had been ‘pre-approved’. But when Mr H went through the application process, he was turned down for the loan and a record of Admiral’s credit search was added to his credit file, negatively impacting it. Mr H has said this has stopped him applying for further credit, including for the refinancing of an existing loan, causing him a loss.

Admiral responded to Mr H to say it was clear when he first saw the offer that any application was subject to additional checks by Admiral. It said that when the application was made, its underwriting team thought Mr H’s existing loans meant repayments on a new loan might not be sustainable and so it declined the application. Admiral also said it had made clear that any application would result in a ‘hard’ credit search and that it had an obligation to report such applications to credit reference agencies.

Mr H referred his complaint to our service and so it was passed to one of our investigators to consider. He thought that Admiral had considered the application and provided a clear reason to Mr H why it was turned down. He also said that the term ‘pre-approved’ in Mr H’s case meant that the lender accepted the application in principle, as long as he passed more comprehensive checks. And he thought this was made sufficiently clear at the time Mr H applied, so he didn’t think Admiral had done anything wrong. Mr H disagreed with our investigator and asked for the matter to be considered again by an ombudsman.

## **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.

Having done so, I’m not upholding Mr H’s complaint. I’ll explain why.

I should start by setting out what our service is set up to do. We consider complaints brought by consumers against businesses concerning regulated financial services. So I’m not able to deal with everything Mr H is concerned about – for example, I can’t tell Admiral to stop advertising to people in the way Mr H says it shouldn’t. But I am able to consider whether Admiral acted fairly in dealing with and turning down his loan application.

I also appreciate Mr H’s frustration as, based on the offer he saw, he thought he wouldn’t have any problem in getting the loan he wanted. So I’ve considered if Admiral acted fairly and reasonably to him throughout the application process.

Mr H has provided a screenshot of the page he says he saw when invited to apply for the loan that stated it was “triple lock guaranteed” and “pre-approved”. There was then a

hyperlink via a button titled “apply now”. He thought this meant his loan application was guaranteed to be approved.

But on the third party website where the application was actually started, the application process is slightly different and I've been provided screenshots of what a customer would see. On both the mobile and desktop versions of the website, it says the loan was ‘pre-approved’ and a link was provided to what that meant. Clicking on that would produce a ‘pop-up’ that read:

***“100% Pre-approved***

*You'll get this product if you apply for it, as long as you pass any additional lender checks and all the details you have given us are correct. This is why pre-approval is not guaranteed.*

***How this affects your application***

*Pre-approved offers give you more certainty when applying. They also mean only one hard search on your credit report, protecting your credit score.”*

Mr H has said this was in the ‘small print’ and it was unfair that this wasn’t made clear to him when he applied. But I think this is clear that being ‘pre-approved’ isn’t a guarantee that the loan would be granted, rather it’s an indicator that someone is eligible for the loan. I also think it was made sufficiently clear that a customer still had to go through an application process, with additional checks by the lender and with a full credit search being undertaken.

The rules that lenders must follow when agreeing to lend to people say that they must undertake reasonable and proportionate checks to satisfy themselves that a borrower can afford to repay a loan in a sustainable way. Admiral has said that when its underwriters looked at Mr Hs circumstances they saw that he had taken a loan two months before the application and they considered that as part of the lending decision. Ultimately, they thought that loan being taken so close to the application raised concerns about the sustainability of Mr H’s ability to repay the further loan.

Mr H said that this information about the earlier loan was available to Admiral through the third party website where he saw the advertisement for the pre-approved loan and it would have been available on a soft search. But here Admiral went through a ‘manual’ underwriting process, where somebody assessed his circumstances more thoroughly than simply looking at a credit score. Overall, I think Admiral has done what I would have expected it to do when considering whether a loan is affordable for Mr H and explaining to him its reasons for declining the loan. I think it was sufficiently clear that Mr H would have needed to go through a full application, with a full credit search, and so I can’t say Admiral has acted unfairly towards him.

Finally, Mr H is concerned that a hard search has been placed on his credit file. This type of record doesn’t say whether the loan was approved or declined, rather it is a record that he applied for credit with Admiral at that time. As he made the application in question, I can’t say Admiral has acted unfairly in recording it.

**My final decision**

I don’t uphold Mr H’s complaint against Admiral Financial Services Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 10 January 2024.

Mark Hutchings  
**Ombudsman**