

## **The complaint**

Mr K complains that Lendable Ltd lent irresponsibly when it approved a loan application he made.

## **What happened**

Mr K applied for a loan of £10,000 plus fees of £590 in April 2021. In his application, Mr K said he was employed full time with an income of £2,796 a month. Mr K also said he had mortgage payments of £650 each month. Mr K gave the reason for the loan as “debt consolidation”. Lendable carried out a credit search to get a picture of Mr K’s outstanding debts and outgoings. A mortgage, credit cards, a hire purchase agreement and other borrowing was found. Lendable says it found no evidence of recent defaults and that one of Mr K’s credit cards was subject to a payment arrangement.

Lendable says that in addition to using the credit reference agencies to view Mr K’s credit file, it also verified the level of income being paid into his account each month. Lendable found that Mr K’s declared income of £2,796 each month was in line with the information held by the credit reference agencies. Lendable also says it applied general outgoings for normal living expenses to Mr K’s application. Lendable approved the loan on the basis it met its lending criteria and the funds were issued to Mr K.

Mr K’s credit file shows that in April and May 2021 he settled at least five existing credit commitments.

Last year, Mr K complained to Lendable and said it had failed to carry out reasonable and proportionate checks to ensure repayments were sustainable. Lendable didn’t agree it had lent irresponsibly and didn’t uphold Mr K’s complaint.

An investigator at this service looked at Mr K’s complaint. They thought Lendable had failed to show it had reasonably factored Mr K’s normal living costs into its lending assessment and said it should’ve carried out more comprehensive checks, like looking at his bank statements. But when the investigator looked at Mr K’s bank statements they felt he had sufficient disposable income to maintain further repayments and weren’t persuaded Lendable had lent irresponsibly. Mr K asked to appeal and said the Financial Ombudsman Service had upheld other complaints he’d made about different lenders. Mr K also said Lendable had failed to carry out the necessary lending checks before approving his application. As Mr K asked to appeal, his complaint has been passed to me to make 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.

Before agreeing to lend, the rules say Lendable had to complete reasonable and proportionate checks to ensure Mr K could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower’s circumstances. The

nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstance by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've looked at the information Lendable had available and considered the level and nature of checks it carried out before agreeing to lend. I agree with the investigator that there was information that should've led Lendable to go further before deciding whether to lend. For instance, Lendable hasn't provided the figures it used when looking at Mr K's everyday spending and regular outgoings. And I think it's fair to say Mr K's credit file showed he had a credit card that was subject to an arrangement at the time of application. In addition, Mr K had a reasonable amount of debt already in his name. So I think the fairest approach would've been for Lendable to have carried out better checks.

I should explain that even though I agree that Lendable should've carried out more comprehensive checks, that doesn't mean I can automatically uphold Mr K's complaint. I have to consider what Lendable would've found if it had done more, like looking at Mr K's bank statements. I can only uphold Mr K's complaint if I think a review of his bank statements or other information would've led Lendable to decline his application.

I can see our investigator looked at the level of income Mr K received each month and said it averaged £3,477 between January and March 2021. In response to the investigator, Mr K pointed out that part of that income was made up of bonuses that weren't guaranteed or paid each month. I accept that's the case. But Lendable was working from the £2,796 income figure Mr K gave in his application. And, as I've noted, Lendable verified whether Mr K was receiving income that was in line with the figure he gave in the application over the previous 12 months via the credit reference agencies.

I've reviewed Mr K's bank statements for January, February and March 2021. I've factored Mr K's income and regular outgoings for credit as well as living expenses. Like the investigator, whilst I found Mr K's income was being used to service existing debts and regular living costs, there was disposable income left each month that was sufficient to make the Lendable loan repayments of £371.24.

Lendable has made the point that it took the reason for Mr K's loan into account when it completed the application. Mr K advised he wanted to use the loan funds for debt consolidation purposes. That meant, whilst Mr K was applying for a new loan, the funds were intended to be used to repay other debts with the aim of reducing his monthly outgoings.

Mr K sent us a copy of his credit file and I can see that in April and May 2021 he settled several outstanding unsecured debts, including four loans and a credit card. The monthly loan payments totalled around £395 and Mr K repaid around £1,100 of credit card debt. Lendable's monthly repayment was £371.24. So I'm satisfied Mr K's outgoings for payments towards his credit most likely went down. Based on the information I've seen, it appears the loan was used for debt consolidation as per Mr K's application to Lendable.

I understand Mr K has had other irresponsible lending cases upheld by this service. But we consider complaints individually. So whilst I note Mr K's comments, I'm satisfied the information I've reviewed doesn't show that Lendable lent irresponsibly in this case.

I'm sorry to disappoint Mr K but as I haven't found that Lendable irresponsibly approved his loan in April 2021 I'm not telling it to take any further action.

**My final decision**

My decision is that I don't uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 11 April 2024.

Marco Manente  
**Ombudsman**