

The complaint

Mr R has complained about credit he borrowed with Inclusive Finance Limited, trading as Creditspring ('Creditspring'). Mr R feels that the lending was irresponsible and also unaffordable.

What happened

The background to this complaint is well known to both Mr R and Creditspring. I won't repeat in detail what is already known to both parties.

In March 2019 Mr R entered into a credit agreement with Creditspring. The terms of the agreement were that Mr R would pay Creditspring a monthly fee of £6 (each month for 12 months) and this entitled him to the option of drawing down two interest free loans of £250 each during the 12 month period. Creditspring say each loan was payable over 4 months, interest free and that the second loan couldn't be drawn down until the first was repaid.

Mr R drew down the first loan on 20 March 2019 which he repaid in full. Mr R then drew down the second loan on 2 August 2019. On 4 November 2019 Mr R let Creditspring know he was struggling financially due to a change in circumstances. An updated repayment schedule was agreed between Mr R and Creditspring. The second advance was then repaid in full on 3 February 2020.

Shortly afterwards, Mr R made a complaint to Creditspring about unaffordable and irresponsible lending. He asked that any interest and charges be refunded and any negative information removed from his credit record. Creditspring looked into the complaint but didn't uphold it. Still unhappy, Mr R referred his complaint to our service for an independent review. Our investigator considered the complaint but he didn't recommend that it be upheld.

The complaint has now 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.

Although a number of issues have been raised, this decision only addresses those issues I consider to be materially relevant to this complaint. My decision also only considers this lending decision by Creditspring and not any other lending decisions that Mr R has referenced. However, I've given careful consideration to all of the submissions made before arriving at my decision.

Before lending credit to Mr R, Creditspring were required to carry out a reasonable and proportionate assessment of Mr R's ability to sustainably repay the debt. This is often referred to as an 'affordability check'. This check had to be borrower-focussed. This means it needed to be focussed on whether Mr R could sustainably afford the borrowing (based on his specific circumstances).

Mr R's application data showed that he told Creditspring his disposable income after expenses, bills and other financial commitments was around £1104. But Creditspring looked into other borrowing Mr R had through third party credit reference agencies and recalculated his disposable income downwards to around £572. Based on the third-party data, none of the existing borrowing was pay day loans. On balance, I'm satisfied that Creditspring took reasonable and proportionate steps to check that Mr R would likely be able to repay the credit borrowed in a sustainable way.

The decision to lend was based on the lower disposable income figure. Creditspring also checked that the agreed repayments totalled less than 5% of Mr R's monthly income. Again, this was fair and proportionate. Although Mr R argues that the decision to lend to him was irresponsible, I've not seen persuasive evidence that supports this.

Mr R had to pay a monthly fee under this agreement. But no interest or other charges were added to the credit borrowed. Under the terms of this agreement, no further borrowing could take place until the first loan had been paid off. Again, this doesn't support Mr R's argument about irresponsible lending. The first borrowing was repaid on time and in full. When I've considered this alongside the decision by Mr R to then take up the option of further borrowing with Creditspring on 2 August 2019, it doesn't support that he felt the borrowing was unaffordable at that time.

It's very unfortunate that Mr R later experienced a change in financial circumstances, but I'm also satisfied that when made aware by Mr R, Creditspring were sufficiently supportive and understanding when agreeing to a change of repayment schedule and later waiving the final membership fee in March 2020. I've seen no other evidence that Mr R contacted Creditspring to make them aware he was experiencing further financial difficulties or needed further support after the new repayment plan had been agreed. I've also noted that Mr R repaid the total borrowing in full.

Mr R has referred to having to take additional borrowing to repay this lending. But no evidence has been provided to support this.

On balance, I don't find that this decision to lend was either irresponsible or unaffordable and don't require Creditspring to do anything further. I know Mr R will naturally be disappointed with this outcome. But my decision brings to an end what we – in trying to resolve his dispute with Creditspring – can do for him.

My final decision

For the reasons set out above, I don't uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 8 February 2022.

Daniel O'Shea
Ombudsman