DRN-3473247

The complaint

Ms B says Gain Credit LLC (trading as Drafty) gave her a line of credit when she was already in a significant amount of debt. She said this facility put her further into debt and was unaffordable for her.

What happened

Ms B approached Drafty for a running credit facility in April 2018 and she was given a facility with a £1,360 credit limit.

It seems Ms B has had some problems repaying the facility but Drafty has confirmed the account was closed with a zero balance in December 2020.

Ms B was given a running credit account where she could either request funds up to her agreed credit limit in one go or could take multiple drawdowns up to her limit. She was also able to borrow further, up to her credit limit, as and when she repaid what she owed. To be clear, Ms B was not given a payday loan.

In Drafty's first final response letter (in November 2020) it explained the information it gathered from Ms B before it approved the facility. It concluded given the estimated monthly repayment of around £153, Ms B was likely to be able to afford her credit facility.
Drafty also provided details of the times it asked Ms B to check her income and expenditure with it, and on those occasions Ms B declared there had been no change. Overall, Drafty didn't think it was wrong to have approved the credit facility.

It then seems Drafty issued a second final response letter at the end of 2021. In this second final response letter Drafty partly upheld Ms B's complaint. It said that allowing Ms B to use the facility after 16 October 2019 was in the long run not sustainable for her. It agreed to pay compensation to Ms B of £124.93 it also agreed to remove any negative information from her credit file.

One of our adjudicators looked at Ms B's complaint. She thought the checks Drafty carried out before granting this facility were proportionate and showed Drafty Ms B was likely to be able to afford the facility – based on the minimum payment amount, should the full amount of credit available have been drawn down, outlined in the credit agreement. So, she didn't think it was wrong to have initially approved the facility.

However, the adjudicator thought Drafty should've stopped Ms B from drawing down further on the facility by 26 June 2019 because she wasn't using the facility in the way that the product literature said.

Ms B didn't initially respond to the adjudicator's assessment.

Drafty didn't agree with the adjudicator's assessment. In response it made a number of points including:

1. It accepts that long term, persistent high utilisation of a line of credit – such as a

credit card may indicate unsustainability.
2. Drafty applied a ‘test’ to consider the period of utilisation and it felt that further drawdowns from 16 October 2019 were unsustainable for Ms B.
3. Drafty suspended the line of credit in February 2019 as Ms B missed her repayment and gave her the chance to get back on track with her repayments without allowing her to borrow again.
4. No funds were borrowed by Ms B between March and May 2019 before making her minimum repayment in June and re-borrowing again within five days.
5. From then until October 2019 she borrowed smaller amounts of between £20 and £50 before making a repayment of over £608.
6. Following the removal of the suspension in March 2019 Drafty monitored the facility for 3 – 4 months of borrowing, which is why it arrived at its conclusions to partly uphold the complaint in October 2019.
7. June 2019 was the first time Ms B had re-borrowed for a number of months and this one transaction is not unreasonable usage.
8. Drafty says the guidelines issued by the industry regulator the Financial Conduct Authority (FCA) for this type of credit state that a customer paying the minimum amount required under the agreement is not, by itself, a sign of possible or actual financial difficulties.
9. In September 2018 the FCA updated its regulations to say that if a customer has been making persistent minimum payments, on a credit card, a business must contact them to prompt them to review their payments after 18 months and offer them reasonable repayment options after 36 months.
10. Drafty contacted Ms B on a number of occasions to ask her to confirm her income and expenditure while she had the facility. But there were no signs to show unsustainability until the 18 month ‘trigger’ at which point Drafty has upheld the facility.
11. Drafty says that if this was a credit card account then Ms B making the repayment and returning for new credit wouldn’t mean that the facility was unsustainable.
12. Drafty therefore says that the Financial Ombudsman is holding it and the running credit facility to a more onerous standard.
13. Finally, Drafty said: “What we had was an affordable line of credit, being used within the bounds of the terms and condition, with no requirement or expectation for a particular borrowing to be repaid in any given timescale, with no indication of distress or financial hardship and where our behaviour was in line with the FCA guidance of 2018.”

The offer Drafty made in the second final response letter, was put to Ms B as part of the ombudsman referral process. She didn’t have anything further to add and she told us she agreed with the adjudicator’s outcome.

The complaint was then passed to me and I issued a provisional decision, upholding the complaint in line with what the adjudicator had said, but I provided some further detail and reasoning.

A copy of the background to the complaint and my provisional findings follow this in italics and a smaller font and forms part of this final decision.

What I said in my provisional decision

What I’ve provisionally 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.

I've also taken into account the law, any relevant regulatory rules and good industry practice at the relevant times.

The relevant regulations in place at the time Ms B was initially given her running account credit facility

I think it would be helpful for me to start by explaining that Drafty gave Ms B this facility when it was regulated by the Financial Conduct Authority ("FCA"). And the relevant regulatory rules in place at the time were set out in the Consumer Credit Sourcebook ("CONC") section of the FCA Handbook of rules and guidance. The affordability requirements set out in Section 5.2 of CONC were subsequently replaced by the new CONC 5.2A in November 2018. But I've referred to the rules that were in place at the time Drafty provided this facility to Ms B.

Section 5.2.1(2) of CONC set out what a lender needed to do before agreeing to give a consumer credit this type. And it says a firm had to consider

> *"the potential for the commitments under the regulated credit agreement to adversely impact the customer's financial situation"* as well as *"the ability of the customer to make repayments as they fall due over the life of the regulated credit agreement, or for such an agreement which is an open-end agreement* (like Ms B's facility)*, to make payments within a reasonable period."*

CONC 5.2 also includes some guidance on the sorts of things a lender needs to bear in mind when considering its obligations under CONC 5.2.1. Section 5.2.4(2) says;

> *"a firm should consider what is appropriate in any particular circumstances dependent on, for example, the type and amount of credit being sought and the potential risks to the customer. The risk of credit not being sustainable directly relates to the amount of credit granted and the total charge for credit relative to the customer's financial situation."*

CONC 5.3 contains further guidance on what a lender should bear in mind when thinking about affordability. CONC 5.3.1(1) says:

> *"In making the creditworthiness assessment or the assessment required by CONC 5.2.2R (1), a firm should take into account more than assessing the customer's ability to repay the credit.".*

CONC 5.3.1(2) then says

> *"The creditworthiness assessment and the assessment required by CONC 5.2.2R 1. should include the firm taking reasonable steps to assess the customer's ability to meet repayments under a regulated credit agreement in a sustainable manner without the customer incurring financial difficulties or experiencing significant adverse consequences.".*

In practice, all of this meant that a lender had to take proportionate steps to ensure a consumer would've been able to repay what they were borrowing in a sustainable manner without it adversely impacting on their financial situation. Put simply the lender had to gather enough information so that it could make an informed decision on the lending.

Although the guidance didn't set out compulsory checks it did list a number of things a lender could take into account before agreeing to lend. The key thing was that it required a lender's checks to be proportionate.

Any checks had to take into account a number of different things, such as how much was being lent and when what was being borrowed was due to be repaid. I've kept all of this in mind when thinking about whether Drafty did what it needed to before agreeing to Ms B's Drafty facility.

As explained, Ms B was given an open-ended credit facility. So, overall, I think that this means the checks Drafty carried out had to provide enough for it to be able to understand whether Ms B would be able to both service and then repay her facility within a reasonable period of time. Draft also needed to monitor Ms B's repayment record for any sign that she may have been experiencing financial difficulties.

What happened when Drafty approved the facility

Having carefully thought about everything provided, I do think Drafty's checks before providing this facility to Ms B were proportionate taking all of the circumstances into account. As explained, Ms B wasn't given a payday loan where she had to repay all of what she borrowed plus the interest due when she next got paid. She was given a facility where there was an expectation that she'd repay what she borrowed plus the interest due within a reasonable period of time. CONC doesn't set out what a reasonable period (CONC 5.3.1(8)) of time is. So, I think it's important to note that a reasonable period of time will always be dependent on the circumstances of the individual case.

Ms B was granted a facility with Drafty with a £1,360 limit. In the credit agreement, a hypothetical situation is laid out to show the cost of the facility to Ms B. This hypothetical situation assumed that Ms B did the following:

1. *drew down her maximum credit limit on the first day of the facility being provided,*
2. *she kept to the terms of the agreement and*
3. *Ms B repaid what she owed in 12 monthly instalments.*

Had Ms B done that, she'd have repaid Drafty a total of £1,845.17 meaning a total monthly repayment of around £153.76.

So, in these circumstances, I think Drafty needed to carry out reasonable and proportionate checks to understand whether Ms B could make monthly repayments of around £154 at an absolute minimum.

Drafty says it agreed to Ms B's application after she'd provided details of her monthly income and expenditure and it looked at her credit score. It says the information it gathered showed that Ms B would be able to comfortably make payments of around £154 a month. In these circumstances it thought it was reasonable to lend.

The first thing for me to say is that this was Ms B's first application for credit with Drafty. The information provided does suggest that Ms B was asked to provide details of her declared income of £1,600 and declared expenditure of £525. This left Ms B with disposable income of just over £1,000 per month to service and repay the facility.

Drafty also carried out a credit check before the facility was granted, and it has provided the Financial Ombudsman with a summary of the results. Based on this, it was aware that Ms B didn't have any defaulted accounts or accounts in arrears. So, there was nothing here which would've either led to Drafty to consider declining the facility or to have prompted it to have carried out further, more in-depth checks.

Bearing in mind the amount of the monthly repayment, the questions Drafty asked Ms B, this was Ms B's first facility and the other information – such as Ms B's credit score, I don't think it was unreasonable for Drafty to rely on the information Ms B provided. I accept Ms B's actual financial position may not have been reflected either in the information provided, or the information Drafty obtained. But Drafty could only make its decision based on the information it had available at the time.

At this stage of the lending relationship between the parties, I don't think proportionate checks would've extended into Drafty asking Ms B to evidence what she was declaring, or it asking her for her bank statements. So, overall I don't think that Drafty treated Ms B unfairly or unreasonably when it initially provided her with an open-ended credit facility in April 2018.

Drafty's comments in response to the adjudicator's assessment

Before, I begin to look at what happened in this case, I think it would be appropriate to deal with Drafty's concerns and comments around how the Financial Ombudsman deals with complaints about its open-ended credit facility.

I think it's best to address these points here, so when I review Ms B's usage of her facility and whether Drafty acted fairly and reasonably towards this the parties understand the regulatory obligations in place.

In short, it seems that Drafty has said that the Financial Ombudsman is placing an onerous burden on it given the rules and regulations that are applicable to credit card and revolving retail credit providers.

It also gave some specific information about why, in Ms B's case, it felt the uphold point that it was proposing (October 2019) was reasonable.

In this part of the decision I've addressed the arguments Drafty has made about its product in general. The case-specific concerns in relation to Ms B's usage of the facility, are dealt within the next section of the decision.

Drafty, in the second final response letter agreed it shouldn't have allowed Ms B to continue using the facility from the end of October 2019. Whereas, our adjudicator felt that facility should have been withdrawn in June 2019. I've considered what the FCA says at the time (in CONC) to see what where the actual rules were at the time.

I've also, where appropriate referred back to the various numbered points that Drafty made in response to the adjudicator's assessment.

Firstly, point 8 was Drafty explaining what the FCA says about repaying the minimum amount each month and how this on its own is unlikely to lead to a conclusion that the facility was unstainable. The relevant section in CONC, at the time is 6.7.3. For completeness, I've included the relevant section of CONC below:

> ***Business practices: credit cards***
>
> *A firm must monitor a credit card customer's repayment record and any other relevant information held by the firm and take appropriate action where there are signs of actual or possible financial difficulties.*
>
> *(1) not set out here*
> *(2) not set out here*
> *(3) A customer paying the minimum amount required under the agreement is not, by itself, a sign of possible or actual financial difficulties under CONC 6.7.3AR. It may, however, be such a sign where, for example, a customer with a pattern of paying more than the minimum required payment reduces the payments to the minimum required payment due, but their pattern of drawing down credit on the card does not materially change.*
> *(4) not set out.*

I think that it might be worth me starting by stating my surprise at Drafty's reference to this section of the regulator's rules. I say this because CONC is clear in stating that this section of the rules specifically refers to credit card providers. And while Drafty provided Ms B with a running credit facility, it clearly didn't provide Ms B with a credit card. There are clear differences between Drafty's product and a credit card – for example, Drafty's product does not provide Section 75 (of the Consumer Credit Act (1974)) protection and cannot in itself be used to make retail purchases.

So, while I do accept that CONC 6.7.3 says that repaying the minimum each month is not by

itself a sign of financial difficulties, this guidance is very clearly aimed at credit card providers and not Drafty.

Given that I'm required to make findings in line with the rules and regulations that are applicable at the time, I don't see how this rule is relevant to my consideration of Ms B's complaint.

Drafty also refers to CONC in point 9 (in response to the view) which was to do with the trigger points for persistent debt. Again, I've quoted the relevant section – which is CONC 6.7.27R that were applicable at the time. I've not quoted the whole of the CONC rule here, but this is part, which mentions the 18 months trigger point.

Credit cards and retail revolving credit: persistent debt

> *(1) This rule applies to a firm with respect to communicating with a customer about, and receiving payments or exercising rights under, a regulated credit agreement for a credit card or retail revolving credit, if the firm assesses that the amount the customer has paid to the firm towards the credit card balance or retail revolving credit balance over the immediately preceding 18-month period comprises a lower amount in principal than in interest, fees and charges.*
>
> *(2) A firm must assess whether the condition in paragraph (1) is met at least once a month.*
>
> *(3) The rule in paragraph (1) does not apply:*
> *(a) where the balance on the credit card or under the retail revolving credit agreement was below £200 at any point in the 18-month period; or*
> *(b) where the firm has sent a communication to the customer in accordance with paragraph (4) in the preceding 18 months in relation to the credit card or retail revolving credit facility; or*
> *(c) where the firm is taking steps to treat the customer with forbearance under CONC 6.7.37R, is otherwise taking equivalent or more favourable steps in relation to the customer's account, or CONC 6.7.39R applies.*
>
> *(4) Where the rule in paragraph (1) applies in relation to a credit card credit card customer or a retail revolving credit customer, a firm must, in an appropriate medium (taking into account any preferences expressed by the customer about the medium of communication between the firm and the customer) and in plain language:*

Again, the requirement to consider what interest fees and charges have been applied in the previous 18 months as a potential trigger point to show financial difficulties is targeted at credit card companies and retail revolving credit. Neither of which are Drafty.

While I'm mindful of what other credit provider's obligations are, Drafty aren't bound by them because as I've said Drafty doesn't provide a credit card or retail revolving credit.

Indeed, I've looked at Drafty's website and I can't see any reference to its product being like a credit card. If anything, the product is marketed as being an alternative to an overdraft. And, in terms of price at least, Drafty's product is far closer to an overdraft – albeit more than double the rate typically charged by most banks – than a credit card.

As it stands today, and what was applicable to Drafty at the time, I don't think comparing Drafty's facility to a credit card and therefore the obligations which go along with it when thinking about persistent debt is useful or appropriate.

Why I think Drafty shouldn't have provided further funds after June 2019

Although I don't think Drafty was wrong to have provided the facility, that wasn't the end of its obligation to Ms B. As I've said above when the facility was approved, Drafty was

regulated by the FCA and it issued guidance on this type of lending and what it says should be expected from lenders when granting these types of loans.

Within the Consumer Credit Sourcebook (CONC) section 6.7.2R says:

> *"(1) A firm must monitor a customer's repayment record and take appropriate action where there are signs of actual or possible repayment difficulties*
> *(2) This rule does not apply in relation to a credit card unless the card is a business credit card)"*

Further to the points Drafty made in response to the adjudicator's views, it clear again that CONC has separate rules that are applicable for credit cards and retail revolving credit compared to this sort of credit facility.

If Drafty's product was a credit card and, for the avoidance of doubt, it isn't, then Drafty wouldn't be required to monitor the facility in the way that CONC says.

But, as Drafty's product isn't a credit card then I've had to consider whether there were signs of actual or possible financial difficulties. It's also worth saying at this point that CONC 1.3 provides a non-exhaustive list of some indicators, which when present, could be suggestive of potential financial difficulties.

In practice, CONC 6.7.2(1)R meant Drafty needed to be mindful of Ms B's repayment record and how she used the facility and step in if and when she showed signs of possible financial difficulties.

Our adjudicator thought Drafty should've stepped in and taken action in June 2019. By this point, our adjudicator thought that Ms B's borrowing history showed she was potentially reliant on the facility.

This was based on a pattern whereby, almost every month, Ms B repaid the minimum payment and then sometimes immediately or within a week she would return for further credit – and she took almost the maximum amount she could. So, the adjudicator wasn't satisfied that Ms B was making any headway into what she owed Drafty and instead she was borrowing further to cover the hole making the payments was leaving in her finances.
As I've explained above, Drafty was required to monitor Ms B's account and step in where financial difficulty became apparent. I agree with the adjudicator that there didn't seem to be anything concerning, such as consecutive repayment failures or patterns of unsustainable borrowing before this point.

In order to see whether I think it was fair and reasonable to have allowed Ms B to continue to draw down from June 2019 onwards, I've considered the relationship between when repayments were made to Drafty, the value of those payments, and then when Ms B returned for further borrowing. I've also considered whether there were any signs of financial difficulties taking into account what Drafty knew or ought to have been aware of at the time.

After all, if Ms B was making significant repayments to Drafty, and then quickly drawing down a similar sum again – or up to her credit limit, this might have indicated that she wasn't using the facility as it was designed to be used, and she therefore may not have been able to afford the repayments.

I agree with the adjudicator that what Drafty was expecting to see wasn't happening by now. As I've explained, as Drafty provided Ms B with a revolving credit facility she needed to repay what she borrowed, plus the interest due, within a reasonable period of time – but this clearly wasn't happening.

Indeed, by June 2019 Ms B had been using the facility for 14 months and had made no headway into repaying what she had borrowed. Instead, Ms B was effectively servicing the debt with further borrowing from Drafty and not reducing it. I've explained why below.
Initially Ms B drew down £1,300 of her £1,360 credit limit on 25 April 2018. At this point, Ms

B only had a small amount of available credit. On 25 May 2018 Ms B made an online payment of £100 – but this covered some of the interest and charges as well as some of the capital. As a result of this, over the course of the next week Ms B was able to drawdown an additional £70. By this point - June 2018 Ms B had only £17.56 of available credit which she could drawdown.

Between her June 2018 and her February 2019 statements a similar pattern emerged. Ms B would make what looks like in most months an automatic minimum repayment to the facility, and then she would come back and drawdown almost all of the available balance, this normally occurred within a week of making her repayment. But there are occasions such as in July and October 2018 where she borrowed the further funds on the same date as the automatic repayment.

In short, Ms B was making her minimum repayment and then drawing almost back up to the maximum credit facility that she had – most months she had less than £10 of available credit to access. Indeed, her August statements shows she only had £1.22 of available credit. By January 2019 statement she only had £6.88. So, some six months later she was still almost at her credit limit despite making payments of around £100 per month. And it's clear that she was borrowing as much as she could in an attempt to cover the hole, making these repayments was leaving in her finances.

Furthermore, Ms B wasn't making any headway into repaying what she owed. While this was an open-ended credit facility there was and is still an expectation that the balance would be repaid within a reasonable period of time whereas, given what I've seen by her February statement she was in effect borrowing to repay.

Drafty accepts that it suspended the facility in February 2019 because Ms B didn't make her repayment as she was scheduled to do. I think, this was a reasonable course of action to take.

It is reasonable not to allow a customer to drawdown any further funds where a customer is already struggling to repay what they owe. In March 2019, the facility was reinstated. However, I don't agree with Drafty's assertion that this shows no signs of financial difficulties. Drafty also says in the FRL that it asked Ms B to reconfirm her income and expenditure I can see based on the information contained within the final response that she was asked about this in April 2019. So, one month after the suspension of the facility was lifted.

It isn't particularly clear to me why after having the facility for almost a year and missing a payment it was reasonable at this point to have just relied on what Ms B had provided about her financial circumstances. While it wasn't unreasonable to have asked the question, I think this ought to have at least triggered some further conversations. It isn't clear based on what Drafty has provided whether this did occur.

I don't think that on its own, this was sufficient to say that Ms B wasn't having financial difficulties. She had been up to or near her credit limit for the majority of the time she'd held the facility and was making very little headway into what she owed. So, Ms B's repayment history contradicted what she had declared and, in these circumstances, I think it would have been fair and reasonable to have taken further steps – such as carrying out a further income and expenditure assessment - to ensure that Ms B wasn't experiencing difficulty and that the facility remained affordable before reactivating it.

Notwithstanding my concerns around the actions Drafty took when it suspended the facility, I don't think based on the evidence that I have available, that his materially changes the outcome that I've reached.

As, I've said above, Ms B failed to make her February repayment and Drafty suspended the facility. On 25 March 2019, Ms B made the minimum repayment as required by Drafty to unblock the facility.

She then made further repayments to the facility in April and May, again these appear to

have been the minimum amount required to service the facility. While, during this time Ms B didn't take any new drawdowns, she had only repaid Drafty enough to make £83.51 credit available to her, she still owed over £1,276 of principal by the June statement.
Ms B then made a further payment at the end of June 2019, and on the same day she borrowed another £50 and she borrowed another £50 on the following day – which put her within £9.04 of her credit limit.

However, frequently, such as in July, September, October and November 2018 after the repayment was made Ms B returned with a short space of time (sometimes the following day) in order to drawdown almost the maximum she could under the facility – in most cases this was between £20 and £30.

As I've explained, to me this suggests that Ms B was more likely than not having to come back to re-borrow to cover the hole left in her finances as a result of her having recently made a payment. It was therefore no longer sustainable for Drafty to keep lending to Ms B – and it should've known this based on his repayment pattern.

I appreciate Drafty says at times it asked Ms B about her income and expenditure, indeed, as I've said above by April 2019 Ms B continued to say there had been no change to her situation since she took the facility out – around a year beforehand. But this reported no change isn't consistent with what was happening with the way Ms B used her facility, as described above.

So, I don't think Drafty met its obligations under the regulations by just accepting the information in face of the clear evidence it had. I'm therefore partly upholding Ms B's complaint and Drafty shouldn't have allowed her to take any further funds from 26 June 2019.

I accept the June 2019 was the first drawdown for a number of months, but as I've explained above, there was already a well-established pattern as to how Ms B would likely use the facility moving forward, and on 26 June 2019 Ms B was again back up to her credit limit by borrowing a modest amount of £100. Given Ms B was in a position where she hadn't drawn down further funds for four months, I would have expected her to have made far more substantial inroads to the capital had she been repaying what she owed within a reasonable period of time.

By this point, Ms B had had her facility for 14 months and still owed almost the maximum that she could under it, despite having made 13 monthly repayments. Ms B was in a sense just servicing the debt and wasn't making any attempt to repay what she owed within a reasonable period of time.

So, in this case, I don't think the period of time where Ms B didn't drawdown alters the outcome that I'm intended to make because there is no evidence that Ms B was repaying the facility within a reasonable period of time.

Unlike Drafty, I do think the manner in which Ms B used the facility along with the fact that she misses one repayment, and continued to declare to it there was no change in her circumstances ought to have led Drafty to conclude that by 26 June 2019 the facility was now unsustainable for her.

In these circumstances, I don't think it's reasonable for Drafty to conclude that Ms B would more likely than not have been able to make her payments without borrowing further or experiencing financial difficulty. Indeed, her repayment record suggested she was only able to make her payments by borrowing further. And, in these circumstances, I'm satisfied that the further credit provided after June 2019 onwards was unsustainable for Ms B.
I've set out below what I think Drafty needs to do in order to put things right for Ms B.

Response to provisional decision

Both Drafty and Ms B were asked to respond to the provisional decision as soon as possible, but no later than 6 May 2022.

Ms B acknowledged receipt of the provisional decision and she explained she had nothing further to add.

Drafty also responded to the provisional decision and said that it agreed with the findings and it offered to pay compensation as outlined within the provisional decision. Drafty explained this would result in a total refund of £1,435.48 (this included 8% simple interest, less the tax it is required to take off). It also agreed to remove any adverse information from Ms B's credit file that has been reported since 26 June 2019.

Drafty says, that it will pay (assuming Ms B accepts the final decision) the settlement into her bank account ending 1864. Drafty has advised that if Ms B wants the payment into another account, she will need to provide further information. But, I'll leave it to her to get in contact with Drafty to discuss this further – if appropriate.

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.

Both Ms B and Drafty have accepted the findings I reached in the provisional decision. I therefore don't need to depart from the conclusions I reached in the provisional decision and I still think Drafty was wrong to have allowed Ms B to drawdown on her facility from 26 June 2019 for the same reasons that I outlined in the provisional decision.

I've outlined below what Drafty has already agreed to do to put things right for Ms B.

Putting things right

In order to put things right, Drafty should carry out the below:

A. Remove all the unpaid interest, fees and charges from the account from 26 June 2019.
B. Re-work the account and treat all payments Ms B has made towards the account since 26 June 2019 as though they had been repayments of outstanding principal.
C. If at any point Ms B would have been in credit on her account after considering the above, Drafty will need to refund any overpayments with 8% simple interest* calculated on these payments, from the date they would have arisen, to the date the complaint is settled is made.
D. remove any negative information about the facility from Ms B's credit file from 26 June 2019.

*HM Revenue & Customs requires Drafty to take off tax from this interest. Drafty must give Ms B a certificate showing how much tax it has taken off if she asks for one.

My final decision

For the reasons I've explained above and in the provisional decision, I'm upholding Ms B's complaint in part.

Gain Credit LLC should put things right for Ms B as direct above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or

reject my decision before 10 June 2022.

Robert Walker
Ombudsman