

The complaint

Mr U complains that Inclusive Finance limited trading as Creditspring lent irresponsible when it approved borrowing 2021 and 2022.

What happened

In February 2021 Mr U applied for a Creditspring membership that gave him access to a credit facility. Creditspring approved Mr U's application and said he could take up to two advances of £250 in a 12 month period. Mr U took the first advance on 12 March 2021 and repaid it in full on 25 March 2021. Mr U took the second advance of £250 on 27 March 2021 and repaid it on 28 April 2021.

On 29 April 2021 Mr U went back to Creditspring and was approved for another credit facility that gave him access to two advances of up to £250 in a 12 month period. Mr U took the first £250 advance on 1 May 2021 and repaid it on 7 May 2021. The second advance of £250 was taken on 12 May 2021 and repaid on the same day. Mr U asked Creditspring to withdraw his membership which meant the borrowing wasn't recorded on his credit file.

On 13 September 2022 Mr U applied for another membership which was approved by Creditspring. An advance of £250 was taken and Mr U made repayments in line with the credit agreement.

In November 2022 Mr U complained to Creditspring that it had lent irresponsibly when it approved the borrowing in his name. Creditspring issued a final response but didn't agree it had lent irresponsibly. Creditspring said it had carried out affordability checks based on the information Mr U had supplied in his applications and details it found on his credit file. Creditspring advised all borrowing was approved in line with its lending criteria.

Mr U referred his complaint to this service and it was passed to an investigator. They thought Creditspring had carried out reasonable and proportionate checks before agreeing to lend and didn't uphold Mr U's complaint. Mr U asked to appeal and said his credit file would've shown a large number of searches in addition to payday loans in the months before he approached Creditspring in September 2022. As Mr U 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.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I've taken our approach into account when reviewing Mr U's complaint. In summary, before providing credit, lenders need to complete reasonable and proportionate affordability checks. There isn't a set list of checks a lender is required to carry out, but it needs to ensure the checks are proportionate when considering things like: the type and amount of credit being provided, the size of the regular repayments, the total cost of the credit and the consumer's circumstances.

As a lending relationship continues over time and the level of credit increases, lenders may need to obtain further information from a borrower to check whether they're lending responsibly and that the repayments are sustainable for the customer.

On each occasion Mr U applied to Creditspring he gave details of his income, living situation and costs, regular outgoings and costs to service other debts. In addition, Creditspring completed credit searches to get a picture of Mr U's finances and how much he owed elsewhere. I think it's also fair to note that whilst Mr U was applying for credit, the amounts involved were reasonably modest and each facility was limited to two advances of £250 in a 12 month period each time. Overall, I'm satisfied that it was reasonable and proportionate for Creditspring to rely on the information Mr U provided in his applications and on his credit file when assessing his ability to make repayments.

I think it's fair to add that when Mr U applied for the second and third memberships he'd built up a good track record with Creditspring. Both the first and second memberships were repaid early and in advance of the scheduled repayments.

Mr U's response to our investigator said he had payday loans and a large number of credit searches on his credit file when he applied for the third membership in September 2022. I've looked at Mr U's credit file and whilst there are credit cards and unsecured loans noted, I didn't see evidence of a large number of payday loans. In addition, whilst credit searches can be seen, the majority are noted as being for quotation purposes. Searches of that nature are also known as "soft searches" and aren't visible to businesses when looking at a credit file. That means the majority of the searches I've seen on Mr U's credit file wouldn't have been visible to Creditspring when it looked at his applications.

I'm sorry to disappoint Mr U but as I'm satisfied Creditspring dealt with his complaint fairly I'm not telling it to do anything else.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 9 June 2023.

Marco Manente
Ombudsman