

## **The complaint**

Miss H complains that Inclusive Finance Limited trading as Creditspring was irresponsible in its lending to her.

## **What happened**

Miss H was provided with a loan in June 2022 which allowed her to draw down two advances of £250 during a 12-month term. Each advance would be repaid over six-monthly instalments with no interest (a fee is charged). The repayments would be around £42 a month along with an £8 a month fee.

Miss H says that she was struggling financially at the time the loan was provided and this was evident from the late payments, default and credit utilisation shown on her credit file. Miss H doesn't think adequate checks were undertaken before the loan was provided and says she is unable to make the repayments alongside her other debt repayments which is causing her mental health to suffer.

Creditspring issued a final response in August 2023. It didn't uphold Miss H's complaint but as a gesture of goodwill offered to waive the remaining balance of her membership fee. Creditspring said before lending to Miss H it carried out a credit check and an affordability assessment. It said Miss H reported having an income of £2,061 and detailed various expenses. It said Miss H had disposable income for other essential living costs of £1,025 and given the repayments of around £48 a month the lending was affordable.

Miss H wasn't satisfied with Creditspring's response and referred her complaint to this service.

Our investigator didn't uphold this complaint. He thought the checks carried out before the lending was provided were reasonable and proportionate and based on the result of these checks, he didn't think the lending should have been considered unaffordable.

Miss H didn't agree with our investigator's view. She said that while Creditspring had said she wasn't in arrears on her accounts at the time of the application this wasn't correct. She said she had six credit cards, seven loans and two catalogue accounts at the time and there was adverse information recorded on these.

## **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 general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit

being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Before the loan was provided, Creditspring has said it carried out credit worthiness and affordability tests. This included checking Miss H's income with the credit reference agency and gathering information about her payments for rent, utilities, transport, food and other debt commitments. The credit check results didn't record any recent county court judgements or defaults (although a historic default was noted as being recorded 75 months previously). The report showed Miss H had two outstanding loans and four credit/store cards with and her credit card utilisation as 65%. Considering the size of the loan compared to Miss H's income and noting that her credit report results didn't raise any substantial concerns about her indebtedness or that she was, at that time, struggling financially, I find the checks carried out before the lending was provided were proportionate.

Miss H has disputed the information received through Creditspring's credit check saying she had more debt at the time than was recorded and that there was adverse information recorded against her accounts. I have looked at the credit report Miss H has provided, and while this shows her having accounts default after the Creditspring lending was provided, she was at the time of the lending managing her accounts without any significant issues.

As I find that the checks carried out were proportionate, I have considered what the outcome of these showed. Miss H's income was recorded as £2,061. The amount she declared for her other debt repayments doesn't seem unreasonable based on the credit check. I also do not find I have anything to suggest the amounts declared for rent, utilities, food and transport were unreasonable. These amounts meant that Miss H had disposable income of just over £1,000 a month for other general living expenses. Based on this, I do not find that the Creditspring lending which required monthly repayments of around £48, should have been considered unaffordable.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 28 May 2024.

Jane Archer  
**Ombudsman**