

The complaint

Mr A complains that Fairscore Ltd trading as Updraft, lent to him irresponsibly when they provided him with a personal loan.

What happened

In March 2024, Mr A was provided with a loan by Updraft. The loan was for £10,000 and was repayable over 60 months. In early 2025, Mr A complained to Updraft. In summary, he said they had irresponsibly lent to him and that sufficient checks – to ensure his affordability status – hadn't been undertaken.

Updraft didn't uphold the complaint. They said, in summary, that they had carried out checks proportionate to the amount being lent; those checks hadn't revealed any concerns, and on that basis, the loan had been provided. So, they were satisfied they had lent responsibly.

Mr A disagreed, he still thought Updraft was wrong to have lent to him. So, he referred his complaint to this Service for independent review.

An Investigator here considered what had happened; having done so, he didn't think Updraft had done anything wrong. In short, the Investigator said:

- The checks carried out by Updraft were proportionate in the circumstances.
- The information gathered as a result of those checks wouldn't have given Updraft any cause for concern. And there was nothing that would have suggested to Updraft that Mr A was struggling financially and/or wouldn't be able to afford the repayments of this loan.
- Any financial struggles, which did materialise for Mr A later, wouldn't have been apparent to Updraft at the time they provided Mr A with the loan.
- Overall, with that in mind, Updraft hadn't acted unfairly or unreasonably in providing the loan to Mr A.

Mr A disagreed. He maintained that he'd been irresponsibly lent to. And he pointed particularly to the fact that he had taken out another personal loan for £10,000 in January 2024, as well as a further loan in March 2024 for £25,000 with another lender. And he said that he had several active credit items owing. He also said he was gambling at the time, and that Updraft should have considered this.

So, as no agreement has been reached, Mr A's complaint has now been passed to me to decide.

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.

Having done so, while this will no doubt disappoint Mr A, I agree with the findings of our Investigator for broadly the same reasons. I'll explain why.

The rules and regulations in place at the time Mr A was provided with the credit, required Updraft to carry out a reasonable and proportionate assessment. That's to determine whether he could afford to repay what he owed in a sustainable manner. This practice is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be borrower focussed; that is, relevant to Mr A. So, Updraft had to think about whether repaying the credit sustainably would cause him difficulties, or other adverse consequences. In other words, Updraft had to consider the impact of any repayments on Mr A.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g: their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Updraft did what it needed to before agreeing to lend to Mr A.

Here, before agreeing to lend, Updraft checked data recorded with Credit Reference Agencies ("CRAs"); it relied upon information provided by Mr A in his application, it used Open Banking, and it carried out an affordability assessment. I've been provided the results of Updraft's checks and, in my view, the data it gathered didn't suggest that there was any real cause for concern. Rather, information obtained from CRAs didn't show any recent defaults or County Court Judgments ("CCJs"); nor was Mr A subject to an Individual Voluntary Arrangement ("IVA").

Updraft recorded, that Mr A was a homeowner with a mortgage, he was earning £49,000 a year and, he had an additional income of around £8,000. Based on these figures - which Updraft verified from reviewing Mr A's Open banking - they concluded his monthly income was around £3,300.

Initially, Updraft had made a note of Mr A's housing costs based on what he declared, at around £150. However, from the credit checks they ran, and looking at Mr A's monthly contribution was towards the mortgage, using open banking, they increased his monthly commitment here to £836.

Under the section of 'other expenditure', which looked at Mr A's general living costs, it seems Mr A had quoted costs of £250 to Updraft. But Updraft took further steps to calculate Mr A's outgoings using data it obtained from the 'Office of National Statistics' (ONS) to estimate his monthly commitments and increased this figure to £576 per calendar month.

Finally, Updraft noted that Mr A had around £722 of monthly credit commitments, which it obtained from his credit file. They also said that his file showed no record of any financial distress, instead, noting that Mr A was up to date with all his current credit commitments and had not exceeded any of his credit card limits. They also said that the from the access Mr A provided them to Open banking, they could see no returned direct debits.

Based on the information they obtained, Updraft concluded that Mr A had more than £1,100 in monthly disposable income prior to their repayment, which was more than enough to cover the monthly cost of the loan at £292 per calendar month. And there was nothing else to suggest to Updraft that Mr A wouldn't be able to sustainably repay the credit provided

here – especially, when considering that Mr A had said he was using the loan for consolidation purposes – so some of the monthly credit commitments would be removed once Mr A had settled those balances. And even if I was to hold Mr A responsible for the full mortgage repayment, as the investigator has rightly concluded, this would have still left a disposable income of around £600 before removing any of the credit items being consolidated.

Keeping in mind the monthly repayments required to clear the loan; and, given that neither the CRA data, nor application or affordability data, raised any immediate concerns; I think the checks undertaken by Updraft before lending to Mr A were proportionate, and the information it gathered suggested that a loan of £10,000 was likely to be affordable for him. So, I wouldn't have expected Updraft to do any further checks or verification in these circumstances, particularly given the level of borrowing.

I appreciate that based on what Mr A has told us now, that he potentially had more outgoings at the time of the lending than Updraft concluded. He mentioned a loan taken out in the same month of £25,000, as well as a further loan of £10,000 taken out in January 2024. He said he had only recently completed on his mortgage, and that he had been gambling, which Updraft should have picked up on.

But Updraft made an allowance for Mr A's monthly mortgage commitment when calculating his disposable income. And while I can see £10,000 entering Mr A's account in January 2024 – which seems to be one of the loans he's mentioned – there's nothing to suggest that the costs toward this loan were not included in the monthly credit commitments of £722 that Updraft recorded.

Equally, while I accept that Mr A says that he took out a further loan for £25,000 in March 2024, it seems, from the bank statements Mr A provided, this loan wasn't taken out until 28 March 2024, two days after the loan was granted by Updraft. So, this item of credit wasn't in place at the time Mr A took out his loan with Updraft, and therefore is not something Updraft would have known about or would have needed to have taken into account.

Turning to Mr A's point about gambling. From the evidence I've seen, while there were some gambling transactions on Mr A's statements, the amounts in question were generally modest, and the frequency low, with him often going months without gambling. I've seen nothing here to suggest that Updraft should have noted this as a concern, or that it should have in any way influenced their decision to lend.

I'm sorry to disappoint Mr A; I know this won't be the outcome that he's hoping for, and I certainly don't mean to downplay the impact he's said this matter has had on him. But it's for the reasons I've explained that I don't think Updraft acted unfairly or unreasonably when it provided him with a loan for £10,000. So, it follows that I'm not upholding this complaint.

Separately, whilst I'm not upholding the complaint, I do want to remind Updraft of its obligations to exercise forbearance moving forward. I would certainly encourage Mr A to keep in regular contact with Updraft about any difficulties he's now facing in maintaining any outstanding repayments that may be owed.

Finally, I've also considered whether the relationship might have been unfair under Section 140 A (S 140A) of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Updraft irresponsibly lent to Mr A or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that S 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I do not uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 10 September 2025.

Brad McIlquham
Ombudsman