

The complaint

Miss P complains that Fairscore Ltd trading as Updraft (“Updraft”) irresponsibly lent to her a number of loans.

What happened

Between May 2021 and March 2024 Miss P was provided with four loans from Updraft. The first loan was for £2,000 with a 36 month loan term and monthly repayments of £76.99.

The second loan, provided in June 2022 was for £6,500, a loan term of 60 months and monthly repayments of £178.05.

The third loan, provided in May 2023 was for £6,200, a loan term of 48 months and monthly repayments of £207.46.

The fourth and final loan was for £4,200, a loan term of 60 months and monthly repayments of £175.76 and was given to Miss P in March 2024.

In October 2024, Miss P complained to Updraft that the lending was irresponsible and unaffordable. They responded to the complaint in December 2024, partially upholding it. They felt the first two loans were lent responsibly, but the last two weren't.

Updraft agreed to refund interest and charges on loans three and four. Miss P was unhappy, and wanted our service to consider the second loan. The complaint was referred in June 2025.

An Investigator looked into things. They felt that the checks Updraft conducted to check if the second loan was affordable for Miss P weren't proportionate. So they asked Miss P for some information to help them piece together what proportionate checks would've shown.

Miss P was unable to provide what the Investigator required, and so although they felt the checks weren't proportionate, they were unable to reconstruct what Updraft would've likely seen at the time had proportionate checks been carried out. So they didn't uphold the complaint.

In response to the opinion, Miss P felt that our service was putting onus on her to evidence the loan wasn't affordable rather than on Updraft. She said she was unable to obtain the statements because the account she was using at the time was a joint one.

Because an agreement couldn't be reached, the complaint has 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.

I want to start by acknowledging that it's very clear to me just how important this matter is for Miss P. She has set out her position in great detail and has provided lots of supporting information. I think it's important I explain that whilst I have read and considered all the information provided by both parties, I've outlined my findings in considerably less detail. I don't mean any discourtesy by this, rather this reflects the informal nature of our service.

Miss P has let us know that she doesn't need us to consider the first loan, and she's satisfied with the resolution on loan three and four. So I'll only be considering the second loan

I'd also like to reassure Miss P that each case is considered again, afresh, when passed to an Ombudsman. However, we do follow the relevant guidance, law and our approach the irresponsible lending complaints is set out on our website that all Investigators and Ombudsmen use to shape answers and make reference to, which is why sometimes answers may seem similar.

The rules and regulations in place at the time Updraft provided Miss P with the loan required them to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Updraft had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Miss P. In other words, it wasn't enough for Updraft to consider the likelihood of them getting the funds back or whether Miss P's circumstances met their lending criteria – they had to consider if Miss P could sustainably repay the lending being provided to her.

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 was needed before lending to Miss P.

I'd like to assure Miss P that our service is an impartial service that looks to resolve disputes fairly. I'm saying this to explain that sometimes we need to gather evidence from both parties to decide what happened and whether something went wrong. In this case, we've accepted that Updraft's checks weren't proportionate to the lending being provided to Miss P.

This is because, although Miss P told Updraft she was using the loan for debt consolidation which would likely have put her in a better financial position, it's clear that Miss P had just taken out a loan for a very similar amount before this one. And Updraft could see this from the data they collated, and so I believe they should've gone further to find out what this loan was intended for, and what the previous loan was being used for too.

If the loan a few months earlier wasn't present, I'd say Updraft's checks went far enough. This is because Miss P declared a good annual income, her credit external credit was being well managed, and Miss P had a good existing relationship with Updraft where an earlier loan was repaid in full after four months.

Just because Updraft didn't go as far as we'd recommend when checking whether the new loan was affordable and sustainable for Miss P, doesn't mean that they've automatically made an unfair lending decision. This is where we need to gather evidence – such as bank statements - from Miss P to see what her circumstances would've been, and what Updraft more likely than not would've seen had proportionate checks been carried out.

This isn't because we'd have expected Updraft to review Miss P's statements, but because it's the most accurate way we can see what Miss P might have declared if Updraft had completed a full income and expenditure with her. Without these statements, due to the passage of time, we can't piece together what those proportionate checks would've looked like.

I appreciate Miss P has provided testimony regarding her expenses and financial position at the time, however it was over three years ago, and so I wouldn't expect Miss P to remember every finer detail of her income and expenditure from that time. I also acknowledge the reasons why Miss P is unable to get those statements. But unfortunately, I need to rely on evidence from the time and so without those I'm unable to say Updraft have acted unfairly by lending to her.

When deciding a complaint, I'm looking to put someone back in the position they would have been in had the error not been made. What that means for Miss P's case is, yes – proportionate checks weren't carried out. But the second part of the test is, if they weren't conducted, what would those checks have shown. And so without the relevant statements from the Miss P, I would be awarding redress for a hypothetical situation as I'm unable to ascertain whether or not proportionate checks would've led to a different lending decision.

I know this is going to be disappointing for Miss P, but I hope I've managed to address some of her concerns in this decision.

In reaching my conclusions, I've also considered whether the lending relationship between Updraft and Miss P might have been unfair to Miss P under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Updraft did not lend irresponsibly when providing Miss P with the loan. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

So while it'll likely come as a disappointment to Miss P, I won't be upholding her complaint against Updraft for the reasons explained above.

My final decision

It's my final decision that Fairscore Ltd trading as Updraft didn't act unfairly when providing the second loan to Miss P.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 18 August 2025.

Meg Raymond
Ombudsman