

Complaint

Miss E has complained about a personal loan Fairscore Ltd (trading as “Updraft”) which she says was unfairly lent to her. She says the loan was unaffordable as she already had a high amount of credit with high repayments and wasn’t able to take on more.

Background

Updraft provided Miss E with a loan for £4,000.00 in November 2020. This loan had an APR of 25.81% was due to be repaid in 35 monthly instalments of £153.98 followed by a final instalment of £196.46.

In February 2025, Miss E complained about this loan as well as three others that Updraft provided to her in September 2021, July 2022 and January 2023. When it investigated Miss E’s complaint Updraft agreed that it shouldn’t have provided loans 2, 3 and 4 to her and offered to settle the complaint in the way that we would if we were to uphold the complaint, by removing all interest applied to these loans from the outset.

However, it didn’t think that it had done anything wrong when providing Miss E with her first loan in November 2020. Miss E remained dissatisfied and referred her complaint to our service.

One of our investigators reviewed what Miss E and Updraft had told us. She thought that Updraft hadn’t done anything wrong or treated Miss E unfairly when it provided Miss E with her first loan. As a result, she thought that what Updraft had already done to put things right for Miss E was fair and reasonable in all the circumstances and didn’t recommend that the complaint be upheld.

Miss E disagreed with our investigator and asked for an ombudsman to review the complaint.

As Updraft has already settled the complaint about loans 2, 3 and 4 in the way that I would direct it to if I were to uphold the complaint, I’ve limited my consideration to whether Updraft acted fairly and reasonably when providing Miss E with her first loan in November 2020.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Miss E’s complaint.

Having carefully considered everything, I’m not upholding Miss E’s complaint. I’ll explain why in a little more detail.

Updraft needed to take reasonable steps to ensure that it didn’t lend irresponsibly. In practice, what this means is that Updraft needed to carry out proportionate checks to be able

to understand whether Miss E could afford to make her repayments before providing this loan.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to provide loans to a customer irresponsibly.

Updraft says it approved Miss E's application after she provided details of her monthly income and some information on her expenditure. It says it cross-checked this against information on a credit search it carried out which showed Miss E's existing commitments were relatively well maintained at the time.

In Updraft's view all of the information it gathered showed that Miss E could afford to make the repayments she was committing to. On the other hand, Miss E has said she already owed a significant amount and couldn't afford this loan.

I've carefully thought about what Miss E and Updraft have said.

As Updraft asked Miss E about her income and some information about her expenditure while also carrying out a credit check, it's clear that Updraft did obtain a reasonable amount of information before it decided to proceed with Miss E's application. Having looked at the results of the credit check, I can't see that Miss E had experienced any recent significant adverse difficulties such as having defaulted accounts or County Court Judgments recorded against her.

There's no dispute that Miss E had existing balances which were owed to other lenders. However, the information from Miss E's application indicates that the funds from this loan were going to be used to consolidate some of her existing debts. So I'm satisfied that Updraft took reasonable steps here to ensure that it wasn't increasing Miss E's existing indebtedness in a way that was unsustainable or otherwise harmful, as well as taking reasonable steps to ensure Miss E was able to make the monthly repayments.

I accept that Miss E says she experienced difficulty making the payments. It's possible that this might have been because she did to re-establish balances on the credit cards she said that she would pay off. But Updraft could only make a reasonable decision based on the information it had available at the time. It won't have known Miss E would do this – as I've explained, it was reasonably entitled to believe that Miss E would consolidate some of her existing debts in the way she said she would.

Given the circumstances here, and the lack of obvious inconsistencies, I don't think that reasonable and proportionate checks would have extended into the further than what Updraft did do here. As this is the case, I don't think that Updraft did anything wrong when providing this loan to Miss E - it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable.

In reaching this conclusion I've also considered whether the lending relationship between Updraft and Miss E might have been unfair to Miss E under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Updraft irresponsibly lent to Miss E or otherwise treated her unfairly when providing this first loan to her. And what Updraft has already agreed to do to put things right for loans 2, 3 and 4 has removed any unfairness that might have been caused in relation to those loans. I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having considered everything, I'm satisfied that Updraft carried out proportionate checks and the results showed that Miss E's first loan was affordable for her. As this is the case, I'm satisfied that what Updraft has already done to put things right for Miss E is fair and reasonable in all the circumstances of her case. I'm therefore not requiring Updraft to do anything more or anything further and I'm not upholding this complaint.

I appreciate this is likely to be very disappointing for Miss E – as she clearly feels strongly about this matter. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Miss E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 17 November 2025.

Jeshen Narayanan
Ombudsman