

## **The complaint**

Mr S has complained that Fairscore Ltd trading as Updraft, added £3,500 in interest to his debt, before selling it to a debt collection agency.

## **What happened**

Mr S took out a loan with Updraft. After a missed payment in the August, Updraft defaulted the account in November. As part of this process, it 'sold' the debt to a third party, and it was said to be £12,971.66. Mr S thought the correct figure was £9,607.

One of our investigators looked into what had happened. She looked at the loan agreement and the loan statement (as well as Updraft's final response letter). These showed that Mr S agreed to take out a loan for £10,000 with Updraft. This had a £400 fee, which brought the total borrowed amount to £10,400. The loan term was for 35 months, and accounting for the 25.9% interest rate, Mr S would need to repay a total of £15,064.01.

Mr S repaid a total of £2,092.35 before his account defaulted. This means that the amount still owing should've been £12,987.18. However it seems that Updraft sold this to a collection agency for £12,971.66. While there is a £15.52 discrepancy here, this was in Mr S's favour. Mr S disagreed. In summary, he views the loan as having been 'settled' at the time it was sold on, insofar as interest should have stopped accruing. Further, full interest was only due at the end of the agreement.

## **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, I'm not upholding it. I know this will be disappointing, but I'll explain why. Updraft was entitled to sell the debt, and the fact of it doing so doesn't mean it's settled. Rather, it means that the loan has been sold to a third party, with the rights and responsibilities attached.

So, Updraft sold the full value of the loan, which would include the right to collect the contractual interest. The interest is set out in the loan agreement. The reference to interest being accrued daily, is to explain how interest is calculated (i.e. daily, not annually) – not that it would stop accruing on the day it was sold.

I understand that Mr S is very upset about this, but Updraft was entitled to sell the full value of the loan.

## **My final decision**

For the reasons given above, it's my final decision not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 1 September 2025.

Elspeth Wood  
**Ombudsman**