

The complaint

Miss A complains that Fairscore Ltd trading as Updraft was irresponsible in its lending to her.

What happened

Miss A was provided with an £11,000 loan by Updraft in October 2024. The loan term was 49 months, and Miss A was required to make monthly repayments of around £358. Miss A doesn't think that adequate checks took place before the loan was given.

Updraft issued a final response to Miss A's complaint dated 30 April 2025. It explained that it carried out affordability and credit checks before providing the loan. It said its assessment was based on the information Miss A provided and data from the credit reference agencies. It said that based on its checks the loan was affordable.

Miss A referred her complaint to this service.

Our investigator didn't uphold this complaint. They thought the checks carried out before the loan was given were proportionate. As these suggested the loan to be affordable, they didn't think that Updraft acted unfairly by approving the loan application.

Miss A didn't accept our investigator's view. She said she had multiple debts at the time and that this loan has caused her significant financial harm. She said that Updraft only looked at one of her bank accounts and she had another which included substantial gambling transactions. She also said that she had another mortgage at the time and that she is now in a payment plan for this loan which she said showed it wasn't affordable.

Our investigator responded to Miss A's comments. He explained that her existing debts had been taken into account and that we wouldn't expect Updraft to have reviewed another bank account that it hadn't been made aware of at the time. Our investigator reiterated that they thought the checks were proportionate.

Miss A still didn't accept our investigator's view. As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue a decision.

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.

Miss A was provided with an £11,000 loan requiring monthly repayment of around £358. This is a substantial loan and so we would expect Updraft to gather sufficient information to get a clear understanding of Miss A's financial circumstances. Before the loan was given, Updraft gathered information about Miss A's income and expenses and carried out a credit check. It received Miss A's open banking data, so it was able to confirm her income. Updraft explained that it used third party data alongside the information Miss A provided and used the higher expenses figure in its calculations. The credit check showed that Miss A had existing credit commitments, but she was managing these with no defaults or county court judgements recorded, and I note the loan was intended for debt consolidation.

Having considered the checks undertaken and information gathered, I think this was sufficient to give Updraft a reasonable understanding of Miss A's financial circumstances and so I find the checks were proportionate.

However, just because I think the checks were proportionate, it doesn't necessarily mean that the loan should have been given. To assess that I have considered the information Updraft received through its checks to see if this should have raised any concerns.

Miss A declared that she was employed with an annual income of £40,000 and based on the banking data her net monthly income was identified as £2,476.50. Miss A's credit commitments showed she had mortgages as well as non-mortgage debt (mainly credit cards). Miss A said that she intended to use the loan to pay off her credit cards and while she would have been able to clear some of her credit card balances the Updraft loan wasn't large enough to clear all of these (total unsecured debts were around £18,485). However, I think it was reasonable that the repayment of some of Miss A's credit card balances was included in the assessment.

Miss A had two mortgages with total monthly repayments of around £1,856. However, Miss A confirmed that her contribution to her housing costs was £650 to £700 and so I find it reasonable that a figure of £700 was included in the calculations. Miss A also said that her bills were £100 a month and her other essential costs £200. Updraft questioned her about these being low and Miss A said that her partner paid the bills. Given this I think it reasonable that Updraft included the higher figure of around £452 in its calculation. Deducting Miss A's housing and other living costs from her income would leave around £1,342 for her credit repayments (including this loan) and any other costs. Based on Miss A using the Updraft loan to repay her credit cards, this would leave around £7,485 of unsecured debt which on a 5% repayment would cost around £375 a month (I note that Updraft used a repayment rate of 3% in its calculation). The Updraft loan repayments were around £358. Deducting these amounts from Miss A's income would leave around £592 for any other costs. Based on this I do not find I can say the checks suggested the loan was unaffordable for Miss A.

I've also considered whether Updraft acted unfairly or unreasonably in some other way given what Miss A complained about, including whether its relationship with her might have been viewed as unfair by a court under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Updraft lent irresponsibly to Miss A or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 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 this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept

or reject my decision before 12 November 2025.

Jane Archer
Ombudsman