

The complaint

Miss F says Inclusive Finance Limited, trading as Creditspring, irresponsibly lent to her.

What happened

Miss F entered into three credit agreements with Creditspring. They worked on a membership basis, so each month Miss F paid a fee which gave her access to a set number and value of credit drawdowns. These had no interest charges applied to them.

In November 2022 Miss F agreed to pay a fee of £10 a month for 12 months, which entitled her to drawdown two advances of £500 during a 12-month minimum term. Each advance would be repayable over six monthly instalments of around £83.33 (excluding the fee).

In November 2023 Miss F agreed to pay a fee of £14 a month for 12 months, which entitled her to drawdown two advances of £500 each during a 12-month minimum term. These advances would be repayable over six monthly instalments of around £83.33 (excluding the fee).

In August 2024 Miss F agreed to pay a fee of £20 a month for 12 months, which entitled her to drawdown two advances of £600 each during a 12-month minimum term. These advances would be repayable over six monthly instalments of around £100 (excluding the fee).

Miss F says she was in an IVA (Individual Voluntary Arrangement) which was clearly visible on her credit file. She was already in serious financial difficulty and had restrictions on taking further credit. Despite this, Creditspring approved her applications and lent to her. This made her financial situation worse and added further stress.

Creditspring says it carried out appropriate credit and affordability checks that showed Miss F could afford the credit. Miss F's IVA was not reported on her credit file.

Our investigator did not uphold Miss F's complaint. He said Creditspring's checks were proportionate and it made fair lending decisions based on the information it gathered.

Miss F disagreed and asked for an ombudsman's review. She said, in summary, the income and expenditure figures used were not accurate. They didn't consider her debt repayments under an IVA (which she declared to Creditspring verbally); financial instability from relying on benefits; a history of gambling addiction which affected her financial decision-making; and the cumulative impact of multiple high-cost loans being taken out in a short timeframe. She was in financial distress and these loans made things worse.

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 approach to complaints about irresponsible/unaffordable lending is set out on our

website. I have taken it into account here.

Creditspring needed to take reasonable steps to ensure that it didn't lend to Miss F irresponsibly. It should have completed reasonable and proportionate checks to satisfy itself that Miss F would be able to pay the loan in a sustainable way. Generally, we think it's reasonable for checks to be less thorough – in terms of how much information is gathered and what is done to verify it – in the early stages of a lending relationship.

But we might think more needed to be done 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 lend to a customer irresponsibly. This means to decide Miss F's complaint I need to consider if the lender's checks were proportionate, if not what would proportionate checks have shown, and ultimately did it make fair lending decisions. I will also consider if it acted unfairly towards Miss F in some other way.

I can see Creditspring gathered certain information before deciding to lend to Miss F. For each agreement it asked for her income and verified this externally through one of the credit reference agencies. It asked about her essential outgoings, giving a range for each category. It used the figure at the higher end of the range in its assessment. It completed a credit check to understand Miss F's credit history. On each occasion, from these checks combined Creditspring conclude Miss F had the disposable income to take on the borrowing.

I think these checks were proportionate given the value and term of the loans and the monthly repayments relative to Miss F's income. And I find Creditspring made fair lending decisions. I'll explain why.

As set out in the table below the results of Creditspring's checks showed Miss F had the disposable income needed.

monthly	Nov-22	Nov-23	Aug-24
net income	£3,500	£3,500	£4,500
housing & living costs	£1,648.50	£1,648.50	£2,048.50
credit commitments	£49.50	£49.50	£249.50
disposable income	£1,802	£1,802	£2,202

Miss F was not over indebted – her credit repayments each month were a very low percentage of her income. And the credit searches showed that she had no defaulted accounts on file, no County Court Judgements (CCJs) in the last 12 months and no unsettled IVAs in the last six years.

So I think it was fair for Creditspring to lend to Miss F. She says she had told Creditspring about her IVA and it didn't take this into account. Creditspring's application process is entirely online and does not involve any human interaction so I cannot see how she did this when she applied. It has reviewed its records, and there is no indication that Miss F disclosed an IVA at any stage prior to making her complaint. As I've said the credit checks did not show any record of an IVA. So I cannot agree that Creditspring failed to consider this information – it was not aware. Miss F said there were restrictions on her taking out more credit. That is often the case where an IVA is in place, but it would be her responsibility to seek the required consent from her insolvency practitioner before entering into new credit agreements, not the lender who is not party to the IVA.

To be clear, I accept that Creditspring's checks may not have fully reflected Miss F's financial circumstances but given the nature of her borrowing, and the results of its initial checks, it would not have been proportionate for it to carry out fuller financial reviews. For this reason it would not have been aware of issues such as Miss F's history of problematic gambling or reliance on high-cost loans that she refers to.

I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Creditspring lent irresponsibly to Miss F 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

I am not upholding Miss F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 31 December 2025.

Rebecca Connelley
Ombudsman