

## The complaint

Mr G complains that Fairscore Limited trading as Updraft irresponsibly lent to him. Mr G would like a refund of fees and interest, removal of negative information from his credit file and some compensation to resolve his complaint.

## What happened

Updraft provided Mr G with two loans in 2023. The loan details are below.

Loan number	Start date	Loan amount	Term	Highest repayment
1	19/01/2023	£1,300	18 months	£88.33
2	16/08/2023	£6,500	48 months	£237.45

Mr G has struggled to keep up repayments on loan 2 and the debt has been sold to a third-party debt purchaser.

When Mr G complained to Updraft, it didn't uphold any part of his complaint. It said it carried out sufficient checks before agreeing to lend both loans and those checks showed he could afford the monthly repayments when they fell due.

Unhappy with Updraft's response, Mr G referred his complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. Our investigator thought Updraft did enough before lending any of the loans and so didn't recommend that any part of Mr G's complaint be upheld.

Mr G asked for an ombudsman to decide his complaint as he didn't agree with the investigator's conclusions. Mr G said he was struggling with a gambling addiction and this reflected in the number of loans he owed at the time.

As the complaint remains unresolved, it has been passed to me, an ombudsman 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've also taken into account the law, any relevant regulatory rules and good industry practice at the time the loans were offered.

Before lending money to a consumer, a lender should take proportionate steps to understand whether the consumer could repay without borrowing further or suffering significant adverse consequences.

A lender should gather enough information for it to be able to make an informed decision on the lending. Although the guidance and rules themselves didn't set out compulsory checks, they did list a number of things a lender could take into account before agreeing to lend. The key thing was that any checks needed to be proportionate and had to take into account a

number of different things, including things such as how much was being lent and when what was being borrowed was due to be repaid. A lender should also take into account and react appropriately to what it knew about the consumer at the time it made its lending decision.

Before Updraft agreed to lend loan 1, Mr G completed an application where he declared an annual income of £51,000, housing costs of £850 and other monthly living costs of £540.

Updraft has provided information to show that it verified Mr G's income through his payslips and access to this bank account through open banking. Updraft searched Mr G's credit file and worked out his living costs through data from the Office for National Statistics (ONS).

Updraft's checks found Mr G had a monthly income of around £3,484, his housing costs were around £977, higher than he had declared and his other living costs were around £604. The results of Updraft's credit search showed Mr G had a default from 2018, I think given the length of time that had passed since the default, it was reasonable for Updraft to place less weight on it. The search into Mr G's credit file showed he was repaying around £430 towards credit, this included repayments towards his defaulted account.

I think these checks went far enough, they took into account Mr G's reasonable monthly income and expenditure. The results of the credit file also didn't provide anything that should have prompted Updraft to take its checks further. Also, this was Mr G's first loan and the monthly repayments represented a small portion of his verified income.

Updraft's checks found that Mr G had some gambling transactions at the time of this loan, but these were minimal and didn't suggest a gambling habit that ought to have concerned Updraft. Mr G has says his gambling was significant and has provided bank statements showing transactions that he says were gambling transactions.

I've noted that the bank statements Mr G has provided with the significant transactions he says are gambling transactions appear on a bank statement different to the account Updraft accessed through open banking. The account Updraft accessed was the account where his income was paid into and the gambling transaction on that account match what Updraft found. Mr G has also confirmed he didn't tell Updraft about his gambling until he complained about the lending. What this means is that Updraft's reasonable checks didn't show that Mr G was gambling significantly and as Mr G didn't tell Updraft about this, it wasn't aware and couldn't have taken that into account when deciding to lend.

The bank statement Updraft accessed showed Mr G's income and didn't suggest Mr G was struggling with gambling. So, I think Updraft carried out reasonable checks for loan 1 and those checks showed Mr G could afford the monthly repayments, in a way that wasn't detrimental, when they fell due. I appreciate this may not have been Mr G's true financial position but Updraft reasonably relied on the information its checks showed.

Mr G applied for loan 2 to clear his overdraft. When he applied for loan 2, he told Updraft that his annual income was £57,000. I can see Updraft queried this increase with him and he said he was getting some benefit payments. Mr G declared his housing costs as £750 and his other expenses as £720.

Updraft again verified Mr G's income using open banking and confirmed his monthly income was £4,231. Updraft searched Mr G's credit file, and the default was now a few months older than loan 1 and there was no new adverse information. The search showed Mr G had a number of new loan accounts, but these were all up to date. Mr G was repaying around £842 towards credit and Updraft increased his housing costs to around £802. Updraft used ONS data to work out Mr G's other living costs as £742.

I'm mindful that for this loan, Updraft lent based on figures that were higher than what Mr G declared, it took into account what its checks found and reacted to that information. Updraft's access to Mr G's bank account through open banking didn't show any gambling transactions.

For the similar reasons to loan 1, I think Updraft's checks here went far enough. The checks showed Mr G could afford his monthly repayments as they fell due and there was nothing within the results of the search that should have prompted Updraft to take its checks further. The gambling transactions Mr G refers to for this loan were on an account that I haven't seen evidence to show that Updraft had access to.

While I appreciate Mr G's strength of feeling about his complaint, Updraft made a reasonable lending decision following sufficient checks. Those checks showed Mr G could afford both loans at the time it decided to lend. I don't think Updraft acted unfairly when it agreed to lend both loans and I won't be asking it to put things right for Mr G.

I've also considered whether Updraft acted unfairly or unreasonably in some other way, including whether its relationship with Mr G might have been viewed as unfair by a court under s.140A Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think Updraft lent irresponsibly to Mr G or otherwise treated him 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**

For the reasons given above, I do not uphold Mr G's complaint about Fairscore Ltd trading as Updraft.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 11 March 2026.

Oyetola Oduola  
**Ombudsman**