

The complaint

Mrs D complains that Fairscore Ltd trading as Updraft ('Updraft') was irresponsible in its lending to her. She wants the interest she has paid on the loans refunded.

What happened

Mrs D was provided with two loans by Updraft, the details of which are set out below.

Loan	Date	Amount	Term	Monthly repayments
1	July 2022	£2,000	36 months	£84.35
2	December 2024	£6,000	48 months	£219.19

Mrs D said that the loans shouldn't have been provided and that had adequate checks been carried out Updraft would have seen she had late payment markers on her credit file, was only making minimum payments towards a high level of debt and was using most of her credit limits. She said this showed she was struggling with her finances. Mrs D said the loans made her financial situation worse.

Updraft issued a final response to Mrs D's complaint dated 15 July 2025. It explained that before lending it gathered information from Mrs D about her income and expenditure and then used this along with open banking data, data from the credit reference agencies and third-party sources to assess the affordability of the loans. It also carried out a credit search. Updraft said that its checks were proportionate and its lending decisions were fair and reasonable.

Mrs D referred her complaint to this service.

Our investigator thought that Updraft had carried out reasonable and proportionate checks before lending and as these checks suggested the loans were affordable for Mrs D, he didn't uphold this complaint.

Mrs D didn't agree with our investigator's view. She said the loans weren't affordable and that she still had a high amount of debt before the second loan was issued showing that the debt consolidation from the first loan hadn't worked.

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.

Mrs D was provided with two loans, and I have considered each lending decision below.

Loan one: June 2022

Mrs D's first Updraft loan was for £2,000 and she was required to make 35 monthly repayments of £84.35 followed by a final repayment of £58.80.

Before the loan was issued, Updraft asked Mrs D about her employment, income and expenditure. Open banking data was used to verify Mrs D's income, and a credit check was carried out. Mrs D declared that she was employed with a monthly income of £1,669, housing costs of £330 and other bills and essential costs totalling £350. Updraft was able to verify an income figure from Mrs D's open banking data of around £1,606 a month.

The credit check showed that Mrs D had several existing credit accounts, and while these were up to date, she did have one credit card account and an overdraft above the limits. That said, overall, Mrs D's credit utilisation was around 85% and I note this loan was intended to repay some of her credit card debt.

Given Updraft was able to validate Mrs D's income through open banking, she had declared amounts for her housing and expenses and her credit report showed her accounts to be up to date, and noting the size of the lending and repayments, I think the checks were proportionate.

However, just because I think reasonable checks were undertaken, it doesn't necessarily mean that I think the loan should have been given. To assess that I have considered the outcome of Updraft's checks to see if these raised concerns that meant further information should have been gathered or the loan not provided.

Mrs D's credit report showed she had a high level of unsecured debt (around £17,716) and she had taken out two loans in the previous few months totalling just over £2,200. I have considered these factors, but I do not think they were enough to say that this loan, intended for consolidation, shouldn't have been provided. However, these issues needed to be considered when assessing affordability to ensure that Updraft was confident Mrs D would be able to sustainably afford this new credit over its term.

I have therefore considered the affordability of the loan to see if this should have raised concerns. Mrs D's net income was confirmed as averaging around £1,606 a month. She declared her credit commitments as around £633, and Updraft included an amount in its calculation of £688. Having looked through Mrs D's credit report from the time, I find the amount Updraft included was reasonable. Mrs D declared housing costs of £330 and other living costs as £350. Deducting these from the verified income would leave around £238 although I note Updraft increased Mrs D's living costs to £417 reducing the disposable income to around £171. Based on these figures, while I accept that after making the Updraft repayments, Mrs D would be left with limited funds for any unforeseen costs, as the loan was intended for consolidation, this should have increased the disposable income figure. So, on balance, I do not find I can say this loan should have been considered unaffordable for Mrs D.

Loan two: December 2024

Mrs D was provided with a second loan by Updraft around two and a half years after the first. While the first loan was still outstanding, Updraft has said this was being well managed (and I note this was repaid in full in June 2025).

Loan two was for £6,000 and Mrs D was required to make 47 monthly repayments of £219.19 followed by a final payment of £191.90. Before the loan was issued, Updraft asked Mrs D about her employment, income and expenses. She declared a net monthly income of £2,164, credit commitments of £580, housing costs of £300 and other bills and essentials totalling £257. Open banking data was used to verify Mrs D's income and a credit check undertaken to assess her credit commitments. Updraft also used third party data to assess Mrs D's other costs and increased these for the purpose of its affordability calculation.

The credit check showed Mrs D had several existing credit accounts, and these were up to date. She hadn't opened any new accounts in the previous six months.

Given the time that had passed since the initial loan was issued, that Mrs D was up to date with her credit commitments, and Updraft verified her income and carried out a full credit check, I find the checks carried out were proportionate.

However, just because I think reasonable checks were undertaken, it doesn't necessarily mean that I think the loan should have been given. To assess that I have considered the outcome of Updraft's checks to see if these raised concerns that meant further information should have been gathered or the loan not provided.

Mrs D's credit file showed she had a payment arrangement on one credit card with an outstanding balance of £131 and she had unsecured debt of just over £17,000. Mrs D said that the intended use of the loan was to repay credit card debt. While I note her comment about her debts not having reduced since her previous loan, they also hadn't increased, and I do not find that I can say Updraft was wrong to accept Mrs D's statement that she intended to repay debts with this loan. I also note that Updraft has said that Mrs D did repay some debts with the loan proceeds. So, while Mrs D had a high level of debt and some adverse data recorded, I do not find this was enough to say that the lending, for the purpose of debt consolidation shouldn't have been provided. However, noting Mrs D's existing commitments, and that she had had a high level of debt since the previous loan was issued, I think Updraft needed to be confident that the loan repayment would be sustainably affordable over the loan term.

Updraft was able to verify Mrs D's income of £2,164 but used a lower figure of around £1,992 in its calculations. Updraft calculated Mrs D's credit costs based on her credit file and having reviewed Mrs D's credit file, I find the amount of £863 included in the assessment was reasonable. Deducting this, along with Mrs D's housing and living costs (which Updraft increased from her declared amounts) left disposable income of around £325. This would leave limited funds after the repayments for the Updraft loan for any unforeseen costs, but this doesn't include the savings made from the debt consolidation. Taking this into account, I do not find, on balance, I can say that Updraft was wrong to provide this loan.

So, for the reason set out above, I do not find I can uphold this complaint about irresponsible lending.

I've also considered whether Updraft acted unfairly or unreasonably in some other way given what Mrs D has complained about, including whether its relationship with Mrs D 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 Updraft lent irresponsibly to Mrs D 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 Mrs D to accept or reject my decision before 9 February 2026.

Jane Archer
Ombudsman