

## **The complaint**

Miss I complains Inclusive Finance Limited, trading as Creditspring, lent to her irresponsibly.

## **What happened**

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

In May 2024 Miss I agreed to pay a fee of £10 a month for 12 months, which entitled her to draw down two advances of £300 each during a 12-month minimum term. These advances would be repayable over six monthly instalments of £50 (excluding the fee).

In November 2024 Miss I agreed to pay a fee of £28 a month for 12 months, which entitled her to draw down two advances of £1,000 each during a 12-month minimum term. These advances would be repayable over six monthly instalments of around £167 (excluding the fee).

Miss I says Creditspring did not carry out adequate checks, she was already in financial difficulties. Creditspring is satisfied it assessed Miss I's affordability in the correct and proportionate manner, and it was fair to lend to her. However, as a gesture of goodwill it offered to waive the remaining membership fees of £280. Miss I did not respond to this offer but brought her complaint to this service.

Our investigator upheld her complaint. She found the lender's checks should have gone further and had they done so it ought to have made a different lending decision.

Creditspring asked for a copy of the credit report the investigator had relied on, but then did not submit any further comments. So the complaint was passed to me to make a final 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 approach to complaints about irresponsible/unaffordable lending is set out on our website and I have taken it into account here.

Creditspring needed to take reasonable steps to ensure that it didn't lend to Miss I irresponsibly. It should have completed reasonable and proportionate checks to satisfy itself that Miss I would be able to pay back the loans 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.

I can see Creditspring gathered certain information before lending to Miss I. It asked for her income and verified this externally. It asked for her housing and living costs within a range. It completed a credit check to understand her existing repayments and credit history. Based on the result of these checks combined it concluded Miss I could afford both loans.

I have not reached the same conclusion. I'll explain why.

#### Loan 1

I am not persuaded that Creditspring's checks went far enough based given the initial results from the credit check, but putting that to one side, even based on the information it did gather I don't think it made a fair lending decision.

The credit check showed that Miss I had £11,384 of unsettled defaulted debt; that she had been in an arrangement to pay on a loan since November 2022; and that she had defaulted on an account as recently as November 2023. I accept some lenders offer loans to people with adverse records, but this was a recent event and there was nothing to indicated Miss I's finances had stabilised. So irrespective of the pounds and pence affordability of the loan Creditspring did not have the assurances it needed that lending to Miss I did not carry a risk of causing her financial harm.

It follows I find it was wrong of Creditspring to give loan 1 to Miss I.

#### Loan 2

Miss I returned to borrow significantly more just six months later. Even if Creditspring had declined loan 1 it could fairly have considered a new application. But given what it had learnt in May 2024, I would have expected Creditspring to carry out a fuller financial review using Miss I's actual income and outgoings. Had it done so it would have seen her position had not improved, indeed by this stage she had entered a debt management plan (DMP), and this would have been evident as a regular fixed outgoing. In these circumstances it would clearly not have been appropriate to extend further borrowing to Miss I.

It follows I find it was wrong of Creditspring to give loan 2 to Miss I.

### **Putting things right**

Creditspring must add up the total amount of money Miss I received as a result of having been given the loans. The repayments Miss I made should be deducted from this amount.

If this results in Miss I having paid more than she received, any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement). Creditspring should also remove any adverse information they've recorded on Miss I's credit file. †

If any capital balance remains outstanding, then Creditspring should arrange an affordable and suitable payment plan with Miss I (if the debt has not already been incorporated into her DMP). It should then remove any adverse information from her credit file once she's settled the outstanding balance.

† HM Revenue & Customs requires Creditspring to take off tax from this interest. Creditspring must

give Miss I a certificate showing how much tax it's taken off if she asks for one.

### **My final decision**

I am upholding Miss I's complaint. Inclusive Finance Limited, trading as Creditspring, must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss I to accept or reject my decision before 14 October 2025.

Rebecca Connelley  
**Ombudsman**