

## The complaint

Mr W complains that Fairscore Ltd trading as Updraft (“Fairscore”) lent to him in an irresponsible manner.

## What happened

I issued a provisional decision on this complaint earlier this month. In that decision I explained why I didn’t think the complaint should be upheld. Both parties have received a copy of the provisional decision but, for completeness, I include some extracts from it below. In my decision I said;

*Mr W was given two loans by Fairscore. He first borrowed £2,500 in September 2022 that he agreed to repay in 36 monthly instalments. Then, Mr W took a further loan in June 2023. At that time he borrowed an additional £1,000 that he agreed to repay in 18 monthly instalments.*

*Mr W complained to Fairscore that the loans had been lent irresponsibly. Fairscore didn’t agree. It said it had confirmed Mr W’s income and expenditure before agreeing each loan. And it had looked at his credit file too. It thought, based on the information it had gathered, that both loans were affordable and responsibly lent. Unhappy with that response Mr W asked us to look at his complaint.*

*We’ve set out our approach to unaffordable/irresponsible lending complaints on our website and I’ve kept this in mind while deciding Mr W’s complaint.*

*The rules and regulations at the time Fairscore gave these loans to Mr W required it to carry out a reasonable and proportionate assessment of whether he could afford to repay what he owed in a sustainable manner. This assessment is sometimes referred to as an “affordability assessment” or “affordability check”.*

*The checks had to be “borrower” focused – so Fairscore had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Mr W. In practice this meant that Fairscore had to ensure that making the repayments wouldn’t cause Mr W undue difficulty or adverse consequences. In other words, it wasn’t enough for Fairscore to simply think about the likelihood of it getting its money back, it had to consider the impact of any repayments on Mr W.*

*Checks also had to be “proportionate” to the specific circumstances of the loan application. In general, what constitutes a proportionate affordability check will be dependent upon a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, and any indications of vulnerability or financial difficulty) and the amount / type / cost of credit they are seeking.*

*In light of this, I think that a reasonable and proportionate check ought generally to have been more thorough:*

- the lower a customer's income (reflecting that it could be more difficult to make any repayments to credit from a lower level of income);
- the higher the amount due to be repaid (reflecting that it could be more difficult to meet higher repayments from a particular level of income);
- the longer the period of time a borrower will be indebted for (reflecting the fact that the total cost of the credit is likely to be greater and the customer is required to make repayments for an extended period).

*There may also be other factors which could influence how detailed a proportionate check should've been for a given application – including (but not limited to) any indications of borrower vulnerability and any foreseeable changes in future circumstances. I've kept all of this in mind when thinking about whether Fairscore did what it needed to before agreeing to lend to Mr W.*

*Before each loan was agreed Fairscore gathered some information from Mr W. It asked him for details of his income, and his normal expenditure. It then used some industry statistical data to revise Mr W's declared expenditure upwards. It checked his credit file to assess how much he was repaying to other creditors and how he had managed credit in the past. And it used the open banking system to link to Mr W's declared bank account to review any concerning transactions.*

*I think that level of checks, at the time of the first loan, were proportionate. Fairscore could see that Mr W had a relatively high amount of borrowing already. But Mr W told Fairscore that he wanted to use the loan to help consolidate some of his debt. The information that Mr W provided to Fairscore, together with the information it saw from its own checks, suggested that Mr W would have sufficient disposable income each month in order to meet the necessary repayments on the new loan. So, I don't think Fairscore was wrong to give the first loan to Mr W.*

*Mr W returned to Fairscore to ask for some additional borrowing around eight months later. Fairscore says that this is a feature of its lending model – that it only provides a relatively modest first loan to allow it to gather information about a consumer's ability to repay their borrowing before offering additional credit. And before agreeing the second loan Fairscore conducted the same checks as before.*

*Those checks showed that Mr W's outstanding credit had reduced since the time of his first loan. The reduction in his outstanding liabilities was broadly equal to the loan he had taken so suggesting that he had used the loan to consolidate some debts as he had proposed. Mr W said that he wanted to use the new loan to repay his overdraft. And despite increasing the expenditure that Mr W had declared as part of his loan application, Fairscore's checks suggested he had sufficient disposable income to sustainably repay the additional borrowing.*

*As part of its checks Fairscore identified that the bank account transaction information Mr W had provided did not show evidence of his salary being received. So, it asked Mr W for more information about what was happening. Mr W explained that he had recently changed his bank account so that was why his salary payments were not showing. He provided Fairscore with three months' payslips so that it could verify his income. So, I am satisfied that, before agreeing the loan, Fairscore had sufficient understanding of Mr W's income and outgoings to assess its affordability.*

*As part of his complaint Mr W provided us with bank statements from an additional account. That account showed evidence of significant gambling transactions. I think,*

*had that information been seen by Fairscore, as a responsible lender, it would have declined Mr W's application for the second loan. So, what I need to decide here is whether it would have been proportionate for Fairscore to uncover that information.*

*The account that Mr W used for his gambling transactions did not contain much in the way of other more regular transactions. It didn't receive his salary payments. Nor was it used for the proceeds or repayments of any borrowing. And the account didn't show other transactions such as might be expected against normal household expenditure. It does seem that Mr W had made a conscious decision to segregate his gambling transactions from his other income and expenditure.*

*As I said earlier, as part of its checks, Fairscore did receive a copy of Mr W's credit report. But I think it important to understand that the information a consumer might see, when they request a copy of their credit file, might be very different to that seen by a lender. A lender might only see a small portion of the credit file, or some data might be missing or anonymised, or the data might not be up to date.*

*I've looked at the information Fairscore received about Mr W's bank accounts. The credit check did show that Mr W had three open bank accounts. But in my experience it isn't uncommon for consumers to have multiple bank accounts open that were not being actively used. Given that Mr W had given Fairscore access to a bank account that showed what appeared to be the full range of normal household and day to day expenditure I don't think it would have been proportionate for it to have investigated the other bank accounts further.*

*So, I'm currently satisfied that the checks Fairscore did before agreeing the second loan were also proportionate. And I think the results of those checks suggested that Mr W would be able to afford the repayments on the additional borrowing in a sustainable manner. So, I don't currently think Fairscore was wrong to give the second loan to Mr W either.*

*For completeness I've also considered whether Fairscore acted unfairly or unreasonably in some other way given what Mr W has complained about, including whether its relationship with him might have been viewed as unfair by a court under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Fairscore lent irresponsibly to Mr W or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that s.140A would, given the facts of this complaint, lead to a different outcome here.*

I invited both parties to provide us with any further comments or evidence in response to my provisional decision. Fairscore hasn't provided us with anything further. Mr W has said that he doesn't agree with my provisional findings. Although here I am only summarising what Mr W has said, I want to reassure him that I have read, and carefully considered, his entire response.

Mr W has said that his second loan should be considered as repeat lending. He says that, alongside other unsecured loans, credit cards and open credit accounts should have flagged he was suffering from financial hardship. He says that, had all his bank statements been reviewed, and so the gambling transactions identified, the application for the second loan would have been declined.

### **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.

As I set out in my provisional decision, in deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr W and by Fairscore. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

And I repeat my reflections on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

I've thought carefully about the additional comments that have been made by Mr W. But I'm sorry to tell him that they haven't persuaded me that I should change my provisional findings. I would however like to comment further on some of the points that he has raised.

As I explained in my provisional decision, Fairscore's lending model is designed to offer a relatively modest first loan, before offering some additional borrowing when a consumer has shown their ability to manage their debt repayments. That is what happened here. And by the time of the second loan Mr W's indebtedness had decreased compared to what Fairscore saw when it offered him the first loan. So I think those factors, when taken together, would have provided some reassurance to Fairscore that Mr W was not suffering from financial hardship.

But I do think it was right that Fairscore should undertake some relatively detailed checks of Mr W's finances before it agreed the second loan. And that was what it did. It looked carefully at the bank statement information Mr W provided access to – and in particular identified that the salary it had previously seen was no longer present. So it asked Mr W for some more evidence that his salary was still being paid – something Mr W provided in the form of three months' payslips.

Mr W is entirely correct that the information contained on the statements of the bank account he used for gambling transactions was of great concern. But it does seem that Mr W took deliberate steps to segregate those transactions from the other more routine transactions shown on his other bank statements. I remain of the opinion that it would not have been proportionate for Fairscore to require Mr W to provide access to all his financial accounts. And since it was unaware of the nature of the bank account used by Mr W for gambling I don't think I can reasonably conclude that it should have acted on that information.

So, I remain satisfied that the checks Fairscore did before agreeing the second loan were proportionate. And I think the results of those checks suggested that Mr W would be able to afford the repayments on the additional borrowing in a sustainable manner. So, I don't think Fairscore was wrong to give the second loan to Mr W.

For completeness I've again considered whether Fairscore acted unfairly or unreasonably in some other way given what Mr W has complained about, including whether its relationship with him might have been viewed as unfair by a court under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Fairscore lent irresponsibly to Mr W or otherwise treated him unfairly in relation to this matter. And I haven't

seen anything to suggest that s.140A would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

For the reasons given above, and in my provisional decision, I don't uphold the complaint or make any award against Fairscore Ltd trading as Updraft.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 17 October 2025.

Paul Reilly  
**Ombudsman**