

The complaint

Mr D complains that Fairscore Ltd trading as Updraft ('Fairscore') was irresponsible in its lending to him. He wants all interest and charges on his loans refunded along with statutory interest and any adverse information removed from his credit file.

What happened

Mr D was provided with two loans by Fairscore the details of which are set out below.

Loan	Date	Amount	Term	Monthly repayments
1	September 2022	£5,500	48 months	£152.22
2	July 2024	£6,300	48 months	£178.22

Mr D said that adequate checks weren't undertaken before the loans were provided. He said that when he applied for the loans, he was heavily reliant on his overdraft and struggling with existing debt repayments. He said that these loans have made his situation worse and he has needed to borrow more to make the repayments.

Fairscore issued a final response dated 28 June 2025. It said that affordability checks were carried out before the loans were agreed. It explained it used data Mr D had provided about his income and expenses along with checking his income through open banking and carrying out a credit check. It found that based on its checks the loans were affordable.

Mr D referred his complaint to this service.

Our investigator thought the checks carried out before the loans were issued were reasonable and proportionate. Based on these the loans appeared affordable, therefore she didn't uphold this complaint.

Mr D didn't accept our investigator's view. He said that Fairscore was aware that he also had a joint account, but it didn't review this. He said this was where all of his household bills were paid from and so without assessing this account Fairscore couldn't have got a clear picture of his financial situation. Mr D said that Fairscore underestimated his costs and so his disposable income was much lower than Fairscore identified. He set out his credit commitments at the time and thought these showed signs of financial distress. While Mr D had said the first loan was for debt consolidation, he said he hadn't used it for this.

Our investigator issued a second view addressing the points Mr D had raised. She reiterated that she thought the checks carried out by Fairscore were proportionate and said that Mr D's bank account was only used to verify his income and a full review of all his accounts wasn't required. She noted Mr D's comment about not using the first loan for debt consolidation but said that Fairscore hadn't factored in the benefits of debt consolidation into its assessment and had considered the affordability of each loan as a standalone product.

As our investigator's view didn't change, and a resolution hasn't been agreed on this complaint, it has been passed to me, an ombudsman, to issue a 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.

I note Mr D's comment about other complaints which he thinks have similar attributes to his complaint, being upheld by this service. I would like to assure Mr D that each complaint is assessed based on its individual merits and while I take all relevant rules, regulations and guidance into account, my decision is based on what I consider fair and reasonable given the unique circumstances of the 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.

Mr D was provided with two loans and before each, Fairscore gathered information about Mr D's employment and income and verified his income using open banking data and a credit check was carried out. Mr D declared he was employed with an annual income of £22,500 (loan one) and £24,600 (loan two). The credit checks showed he had existing commitments, but these were being managed. His repayments towards his credit commitments were considered along with estimates for his other costs. The affordability calculation resulted in disposable income of around £500 for each loan.

In this case, noting that Mr D's income was verified and considering the size of the loan repayments compared to his income and that his credit check didn't raise any issues, I think the checks carried out before the loans were provided were proportionate. However, just because I think reasonable checks were undertaken, it doesn't necessarily mean that I think the loans should have been given. To assess that I have considered the outcome of Fairscore's checks to see if these raised concerns that meant further information should have been gathered or the loan not provided.

Loan one: September 2022

Loan one was for £5,500 and required monthly repayments of around £152. Mr D's declared income was verified using open banking data and a net monthly income of around £1,530 was identified. The credit check showed that Mr D had balances outstanding on two credit cards and overdrafts on two current accounts (one of which was a joint account). He also had a loan outstanding. Mr D's total outstanding debt was around £10,926 and while this loan would result in a substantial increase in this, I do not find this brought his total debt to a level that meant he would be over indebted. Mr D's credit commitments were calculated as around £325 which I find reasonable based on the credit checks. Mr D declared housing costs of £200 and other expenses of £290. However, Fairscore included higher amounts based on its checks, of £220 for housing and around £490 for other costs. Based on these figures, Mr D was left with just over £500 of disposable income which was enough to meet the Fairscore loan repayments and leave around £350 for unforeseen costs. This was before any benefit of debt consolidation was included.

I note Mr D's comment about his costs not all being included and his joint account not being considered, but in this case, I think the checks were reasonable. Fairscore used higher cost figures than Mr D declared based on the other information it gathered, and as the checks suggested the loan to be affordable for Mr D, I do not find I can say Fairscore was wrong to provide this.

Loan two: July 2024

Loan two was for £6,300 and required monthly repayments of around £178. As Mr D had already received a loan from Fairscore, it had information available to it about how Mr D had managed his previous account.

I have looked at the credit information provided, and this shows that Mr D had maintained his payments on the first Fairscore loan. He was also managing his other credit commitments without any issues being identified. So, I do not find his account management should have raised concerns.

Mr D declared an annual income of £24,600 and open banking data was used to check his monthly net income. This resulted in a verified income of around £1,681. The credit check showed that Mr D had balances outstanding on one credit card and overdrafts on two current accounts (one of which was a joint account). His first Fairscore loan was also still outstanding. Mr D's total outstanding debt was around £9,638 which was slightly lower than recorded for loan one and I do not think his overall level of indebtedness meant the additional lending shouldn't have been provided.

Mr D's credit commitments were calculated as around £300 which I do not find unreasonable based on the credit checks. Mr D declared housing costs of £200 and other expenses of £335. However, Fairscore included higher amounts based on its checks, of around £208 for housing and around £669 for other costs. Based on these figures, Mr D was left with just over £500 of disposable income which was enough to meet the Fairscore loan repayments and leave around £325 for unforeseen costs. So, based on the outcome of the checks, I do not find that Fairscore was wrong to provide this loan.

I've also considered whether Fairscore acted unfairly or unreasonably in some other way given what Mr D has complained about, including whether their relationship with Mr 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 Fairscore lent irresponsibly to Mr D 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

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 6 January 2026.

Jane Archer
Ombudsman