DRN-5848062

The complaint

Miss G says Fairscore Ltd, trading as Updraft, irresponsibly lent to her.

What happened

Miss G took out two loans from Updraft. The first, in February 2024, was for £3,500 over 37 months. The monthly repayments were £148.41 and the total repayable was £5,437.82. Miss G settled this loan in full in May 2025. The second, in September 2024, was for £9,900 over 61 months. The monthly repayments were £310.76 and the total repayable was £18,810.06.

Miss G says Updraft lent to her irresponsibly, with high interest rates, and worsened her financial position. The checks were not thorough enough and the lending has caused her a lot of stress.

Updraft says it carried out adequate checks that showed the loans were affordable.

Our investigator did not uphold Miss G's complaint. He said Updraft's checks were proportionate and it made fair lending decisions.

Miss G disagreed and asked for an ombudsman's review. She sent extracts from her bank statements at the time to highlight her use of buy-now-pay later finance, another loan, gambling and childcare costs.

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.

We've set out our general approach to complaints about unaffordable/irresponsible lending - including all of the relevant rules, guidance and good industry practice - on our website. Having carefully thought about everything, I think that there are two overarching questions that I need to answer in order to fairly and reasonably decide Miss G's complaint. These two questions are:

1. Did Updraft complete reasonable and proportionate checks to satisfy itself that Miss G would be able to repay the loan without experiencing significant adverse consequences? If so, did it make fair lending decisions? If not, would those checks have shown that Miss G would've been able to do so?

2. Did Updraft act unfairly or unreasonably in some other way?

The rules and regulations in place required Updraft to carry out a reasonable and proportionate assessment of Miss G's ability to make the repayments under this agreement. This assessment is sometimes referred to as an affordability assessment or affordability check. The checks had to be borrower focused – so Updraft had to think about whether repaying the loan would cause significant adverse consequences for Miss G. In practice this meant that the business had to ensure that making the payments to the loan wouldn't cause

Miss G undue difficulty or significant adverse consequences. In other words, it wasn't enough for Updraft to simply think about the likelihood of it getting its money back, it had to consider the impact of the loan repayments on Miss G.

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. Even for the same customer, a proportionate check could look different for different applications. In light of this, I think that a reasonable and proportionate check ought generally to have been more thorough:

- the lower a consumer's income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the higher the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the greater the number and frequency of loans, and the longer the period of time during which a customer has been given loans (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable).

I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Miss G's complaint.

Updraft has provided evidence to show the information it reviewed before giving the loans. It asked for her monthly income, her employment status and her housing costs. It completed an income verification check using open banking data and it compared Miss G's declared outgoings to the relevant national statistics, using the higher value. It carried out a credit check to understand her credit history and existing credit commitments. It asked about the purpose of the loans which was debt consolidation. Based on the results of these checks Updraft thought it was fair to lend to Miss G as she had monthly disposable income of £1,150.76 at the time of loan 1 and £425.69 at the time of loan 2.

I think these checks were proportionate and based on the information Updraft gathered I think it made fair lending decisions. I'll explain why.

Loan 1

Updraft was able to verify Miss G had a net monthly income of £2,533, credit commitments of £713.44, and housing/living costs of £668.80 so I think it was reasonable to conclude she could afford this loan on a pounds and pence basis. The credit check showed she had unsecured debt of £13,316 and was up-to-date on all her active accounts, there was no adverse data present. So I can't say there were any signs of financial strain that Updraft missed. Miss G was taking this loan out to settle some of her existing debt, including her overdraft.

In the round I find it was fair for Updraft to give loan 1 to Miss G.

Loan 2

At this time Updraft was able to verify Miss G had a net monthly income of £2,058, credit commitments of £755.26, and housing/living costs of £877.05 so I think it was reasonable to conclude she could afford this loan on a pounds and pence basis. The credit check showed she had unsecured debt of £13,103 and was up-to-date on all her active accounts, there was no adverse data present. So I can't say there were any signs of financial strain that Updraft missed. And again Miss G was taking this loan out to settle more of her existing debt.

I have thought carefully about the fact Miss G was returning to borrow within a relatively short period of time – seven months. But I am satisfied that as she was doing so to repay other debts – and her debt level had not increased since loan 1 – it was reasonable for Updraft conclude this lending would not be financially harmful to Miss G. She had repaid her overdraft with loan 1 as intended. It was likely, as Miss G's income had fallen and her outgoings had increased that the debt consolidation would help free up some needed monthly disposable income for her.

It follows I find it was fair for Updraft to give loan 2 to Miss G.

Miss G sent in extracts from her bank statements showing different items that she believes demonstrate the loans to have been unaffordable. But I do not think it would have been proportionate for Updraft to complete a transaction-level review of her finances before lending so her submissions do not change my findings.

Did Updraft act unfairly or unreasonably in some other way?

Miss G referred to the high interest rate. Both loans had a fixed interest rate of 26.9% per annum. I think the amount charged appears to be comparable to similar lenders, offering similar products, at the time. The credit agreements clearly set out the cost of credit and the APRs and Miss G had to actively engage in the application process for her loans, so I think it's likely that she was aware of what she was agreeing to pay. I haven't seen anything which makes me think that Updraft treated Miss G unfairly or breached industry practice regarding interest charges.

Finally, I've also considered whether the relationship might have been unfair under Section140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Updraft lent irresponsibly to Miss G 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

I am not upholding Miss G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 16 December 2025.

Rebecca Connelley
Ombudsman