

Complaint

Mrs M has complained about a loan Fairscore Ltd (trading as “Updraft”) provided to her. She says that the loan was unaffordable given her circumstances at the time and that she ended up borrowing more to make her payments.

Background

Updraft provided Mrs M with a loan for £3,000.00 in March 2024. It had an APR of 26.29% and a 12-month term. This meant that the total amount to be repaid of £4,546.37, which included interest, fees and other charges of £1,546.37 was due to be repaid in 35 monthly repayments of £127.36 followed by a final monthly payment of £88.77.

One of our investigators reviewed what Mrs M and Updraft had told us. And she eventually reached the conclusion that Updraft hadn’t acted unfairly or lent irresponsibly. So she didn’t uphold Mrs M’s complaint.

Mrs M disagreed and asked for an ombudsman to look at her complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mrs M’s complaint.

Having carefully considered everything, I’m not upholding Mrs M’s complaint. I’ll explain why in a little more detail.

Updraft needed to take reasonable steps to ensure that it didn’t lend irresponsibly. In practice, what this means is that Updraft needed to carry out proportionate checks to be able to understand whether Mrs M could afford to make her repayments before providing this loan.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more 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 provide loans to a customer irresponsibly.

Updraft says it approved Mrs M’s application after she provided details of her monthly income which it cross-checked against information on the amount of funds going into her

main bank account each month. It says it also carried out a credit search which showed Mrs M's existing commitments were relatively well maintained at the time.

In Updraft's view all of the information it gathered showed that Mrs M could afford to make the repayments she was committing to. On the other hand, Mrs M has said she already had significant debts and couldn't afford to take on any further borrowing.

I've carefully thought about what Mrs M and Updraft have said.

As Updraft asked Mrs M about her income and expenditure and also carried out a credit check, it's clear that Updraft did obtain a reasonable amount of information before it decided to proceed with Mrs M's application. Having looked at the credit check, it's clear Mrs M had some existing debts.

However, while I accept that Mrs M might not agree with this, I don't think that these were excessive. This is especially as the information from the time shows that Mrs M's selected loan purpose was consolidation of some of her existing debts. Furthermore, as there wasn't anything in the credit checks to indicate that Mrs M had any significant adverse information – such as defaults or county court judgments (“CCJ”) – recorded against her there wasn't anything to indicate that she was struggling to manage the debts she had.

I don't know whether Mrs M did go on to consolidate some of her other debts with the proceeds of this loan. In any event, Updraft won't have known whether Mrs M would actually pay off any existing balances – all it could do was take reasonable steps and rely on assurances from Mrs M that this would be done. And I'm satisfied that the proceeds of this loan could and should have been used to clear a proportion of the existing debt that Mrs M had and which she is now arguing meant that she shouldn't have been provided with this loan.

I accept that Mrs M says that her actual circumstances worse than what Updraft believed them to be. However, I have to consider the fact that Updraft didn't have Mrs M's bank statements. Given the circumstances here as well as what I think that Updraft needed to find out, I don't think that reasonable and proportionate checks would have extended into obtaining bank statements from Mrs M either. There isn't a requirement for a lender to obtain bank statements simply because it may be providing a consolidation loan.

As this is the case, while I sympathise with Mrs M's situation and I'm sorry to hear taking out this loan didn't help her with her situation as much as she anticipated, I don't think that Updraft did anything wrong when providing this loan to Mrs M - it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable.

In reaching my conclusions, I've also considered whether the lending relationship between Updraft and Mrs M might have been unfair to Mrs M under s140A of the Consumer Credit Act 1974 (“CCA”).

However, for the reasons I've explained, I don't think Updraft irresponsibly lent to Mrs M or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that s140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

So overall and having considered everything, I'm satisfied that Updraft didn't treat Mrs M unfairly or unreasonably when lending to her. And I'm not upholding Mrs M's complaint. I appreciate this is likely to be very disappointing for Mrs M. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mrs M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 10 November 2025.

Jeshen Narayanan
Ombudsman