

The complaint

Miss S complains that Gain Credit LLC trading as Drafty (Gain Credit) didn't sufficiently check whether she could sustain the repayments when they agreed to a revolving credit facility.

What happened

Around September 2024 Miss S applied for a revolving credit facility with Gain Credit. She asked for a credit limit of £2,000. Miss S' application was successful with Gain Credit providing Miss S with a credit limit of £1,800. Miss S complained to Gain Credit saying they hadn't properly checked whether she could sustain the repayments. And if they had they would have seen she'd multiple loans, credit cards and Buy Now Pay Later commitments. She said by Gain Credit lending to her they'd caused her to spiral into debt and she'd had to get debt advice.

Gain Credit said their checks were reasonable and proportionate using application, credit reference agency (CRA) and statistical data to assess Miss S' credit worthiness. And based on these checks said their lending decision had been fair. But they accepted they could have done more to support Miss S when she started to struggle to meet her repayments. And agreed to refund the interest and charges applied after June 2025.

Miss S wasn't happy with Gain Credit's response and referred her complaint to us.

Our investigator said Gain Credit's checks were reasonable and proportionate. And based on these checks they'd made a fair lending decision. They said Gain Credit had accepted they should have done more to help Miss S when she struggled financially but they'd taken steps to put this right. They didn't ask Gain Credit to do anything more.

Miss S didn't agree and provided bank statements in support of her complaint. Our investigator reiterated that the checks Gain Credit had done were sufficient and that they hadn't done anything wrong by relying on these checks in reaching a fair lending decision.

Miss S disagreed and asked for an ombudsman to decide.

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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. I understand my decision will disappoint Miss S, so I'll explain why.

Whilst I've read and considered everything, if I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. This is not meant as a discourtesy but rather reflects my role of resolving disputes with minimum formality.

I've considered the relevant rules and guidance on responsible lending set by the regulator, laid out in the consumer credit handbook (CONC). In summary, these say that before Gain Credit offered the credit facility they needed to complete reasonable and proportionate checks to be satisfied Miss S would be able to repay the debt in a sustainable way.

In deciding what was proportionate Gain Credit needed to consider things such as (but not limited to): the amount of credit, the size of any regular payments (taking into consideration the rules and guidance in CONC relating to assumptions concerning revolving credit), the cost of credit and the consumer's circumstances.

What's important to note is that Miss S was provided with a revolving credit facility rather than a loan. As it was revolving credit there's no set amount that needed to be repaid each month, but CONC requires a lender to assume when carrying out their assessment that the entire credit limit is drawn down at the earliest opportunity and repaid in equal instalments over a reasonable period. Gain Credit was approving a credit limit of £1,800, and I can see they assessed Miss S would be required to pay around £93 a month if she drew down the full amount.

CONC says a lender must base their creditworthiness assessment on sufficient information of which it's aware at the time the assessment is carried out, obtained, where appropriate, from the consumer, and where necessary from a CRA. And that a lender should take reasonable steps to estimate a consumer's income and expenditure. It also says generally a lender shouldn't solely rely on a consumer's declared income but seek to validate this through an independent source such as a CRA or third party. CONC allows for the use of statistical data in determining a consumer's non-discretionary expenditure. I've considered the checks Gain Credit did and what these showed.

Miss S stated on her application that she'd a monthly income of £2,763.59 and outgoings of £1,600. Gain Credit cross checked this with an external source (CRA). The credit check showed Miss S had understated her monthly income, so Gain Credit used the lower amount in their assessment. The check showed Miss S had a history of financial difficulty as she'd two defaults registered, but this had been around 44 months prior to the new lending. And there wasn't any recent adverse information recorded such as arrears, missed payments or further defaults, as Miss S was up to date with her active accounts.

It may help to explain here that, while information like a default on someone's credit file may often mean they're not granted further credit – it doesn't automatically mean that a lender won't offer borrowing. Here, Gain Credit considered the information that Miss S had on her credit file and still decided to lend which, in the circumstances, I think was reasonable. I say this as it would be unfair to deny a consumer credit for historical financial issues when their credit history had improved and they were now managing their active accounts well, as was the case here.

Gain Credit didn't accept Miss S' declared outgoings of £1,600 but used statistical data provided by the Office for National Statistics (ONS) to determine Miss S' most likely non-discretionary outgoings. I can see they considered, food, rent, utilities, transport and other outgoings, which added to Miss S' credit commitments totalled £2092.38, a higher amount than that declared by Miss S. Gain Credit used the higher amount in their credit assessment. This meant Miss S should have had a disposable income of £671.21 before factoring in the new lending.

I'm satisfied the checks Gain Credit did were reasonable and proportionate for the type and amount of credit they were providing. They verified Miss S' income, they'd taken steps to estimate her non-discretionary outgoings, using a higher amount than that stated by Miss S.

There weren't any signs of recent financial vulnerability. And based on these checks Miss S should have had sufficient disposable income to sustain the repayments.

Miss S has said her financial circumstances, had Gain Credit checked further would have shown the lending wasn't affordable. But I don't think that there was anything immediately obvious in the information that Gain Credit had, including Miss S' existing credit, which meant they shouldn't rely on it. So, I don't think Gain Credit needed to have asked Miss S to provide further evidence in support of her income and expenditure such as bank statements before providing her with a credit limit in this instance. And I can't say Gain Credit acted unfairly in agreeing to lend to her as Miss S should have had sufficient disposable income to sustain her repayments without financial duress.

While I empathise with Miss S, for me to say Gain Credit must do something different I must first be satisfied that they've done something wrong. I can't see that they have here which is why I won't be asking them to do anything else.

Gain Credit has accepted they should have supported Miss S when she was financially struggling and have looked to put this right. Its for Miss S to decide whether she accepts this offer.

I've also considered whether Gain Credit acted unfairly or unreasonably in some other way given what Miss S has complained about, including whether their relationship with her might have been viewed as unfair by a court under Section 140A Consumer Credit Act 1974. But for the reasons I've already given I don't think Gain Credit lent irresponsibly to Miss S or otherwise treated her unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 3 March 2026.

Anne Scarr
Ombudsman