

The complaint

Mr D complains that Fairscore Limited trading as Updraft (Fairscore) irresponsibly provided him with a loan.

What happened

Fairscore provided Mr D with a loan, as follows:

Date	Loan amount	Period	Monthly repayment
August 2021	£7,000	36 months	£251.86

The loan was transferred to a third party in August 2024.

In summary, Mr D considers that Fairscore lent to him irresponsibly. His complaint was rejected by Fairscore because it considered that its lending decision had been appropriate.

Mr D remained unhappy and brought his complaint to this service. One of our investigators reviewed matters and considered that Fairscore's lending had not been irresponsible.

Whilst Fairscore agreed with our investigator's view, Mr D didn't. As an agreement has not been reached, the complaint has been passed to me to make 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've looked at all of the information on file, although I may not have commented on everything.

The rules and regulations in place at the time Mr D was provided with the loan, required Fairscore to carry out a reasonable and proportionate assessment of whether he could afford to repay what he owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Fairscore had to think about whether repaying the loan sustainably would cause difficulties or adverse consequences for Mr D. In other words, it wasn't enough for Fairscore to consider the likelihood of it getting the funds back – it had to consider the impact of any repayments on Mr D.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Fairscore did what it needed to before arranging the loan for Mr D.

When Mr D applied for the loan he declared that his income was £78,000. He stated that he was living with his parents and the purpose of the loan was to consolidate multiple loans. Fairscore proceeded to carry out some checks on his application. It was unable to identify his salary payments through Open Banking so contacted Mr D to verify this. Mr D provided some screenshots from a separate account showing his salary entries and Fairscore used this as the basis to determine his net monthly income of around £4,500. It carried out an affordability assessment and determined that his existing credit commitments were around £580, his rent costs were £500 and his other expenditure was around £880. Fairscore estimated that his disposable income was around £2,500. Fairscore also carried out a credit check. This showed that his total unsecured debt was around £9,500 and that Mr D's existing credit commitments were up to date, with no County Court Judgments or similar. Given that the purpose of the loan was debt consolidation, Fairscore was of the view that Mr D would likely reduce his overall borrowing costs and it proceeded to grant the loan of £7,000.

In carrying out a credit check and an affordability assessment to Mr D's income and outgoings, I think the checks Fairscore carried out were reasonable and proportionate. In circumstances where Mr D's disposable income was around £2,500, I think that he would be able to afford the monthly repayments of £251.86. I'd also add that Mr D stated that the purpose of the loan was for debt consolidation which could also reduce his monthly outgoings. I think Mr D would be able to repay based upon his income and his existing credit commitments. In overall terms, I think Fairscore reached a fair decision to lend.

In bringing his complaint to this service, Mr D has highlighted a number of matters.

Mr D highlights that he was often using his overdraft and this would have been evident to Fairscore through the Open Banking data, given his income and outgoings. I accept the point that Mr D is raising. However, I don't think that the regular use of an overdraft would, of itself, be a reason for Fairscore not to grant him the loan. Additionally, in circumstances where Mr D indicated that the purpose of the loan was debt consolidation, it was likely that Mr D would be able to reduce the reliance on his overdraft if he used the loan for debt consolidation as Fairscore understood the position to be. So, I don't think Fairscore was acting irresponsibly here.

Mr D highlights some harmful spending including gambling. I'm grateful to Mr D for sharing this information with us. I can see from the Open Banking Data that Mr D was spending around £320 each month on gambling. Whilst on the face of it these might seem significant sums, Mr D's was estimated to have disposable income of around £2,500 each month. The amount being spent was therefore a relatively low proportion of money which Mr D had at his disposal. So, whilst Fairscore was aware of this activity I don't think its decision to lend was irresponsible because the amounts Mr D was spending could be comfortably met by the income available to him after his committed expenditure.

Mr D also highlights that he was investing in high risk crypto currency. I've looked through the Open Banking data and can see that Mr D was making significant payments to various trading platforms. There were also significant credits going back into his account at various times. More broadly, I can also see that significant sums of money were being credited to Mr D's account, some of these were transfers from other accounts held by Mr D and some are unknown. I've thought carefully about what reasonable and proportionate checks are in these circumstances. In doing so, I've looked at the services offered by the trading platforms which Mr D has highlighted. Whilst crypto currency is one service, the trading platforms which Mr D was using offered a much wider range of investment opportunities including more conventional investments and a cash savings product. I can't fairly say that merely because Mr D was using investment platforms which offered crypto currency, Fairscore was

on notice that he might be spending in a harmful way. I've not seen any evidence that Mr D brought any of this to Fairscore's attention either. Additionally, as I mention above, Mr D had significant amounts of disposable income and he had significant monies elsewhere which were being transferred into his bank account at various times. It appears that he was an active investor with large amounts of capital inflows and outflows. The loan he was seeking was, in relative terms, a modest amount and he also had a high disposable monthly income relative to the loan he was seeking. His credit rating didn't show signs of financial distress either. When taken together, I can't fairly conclude that with all this information, I would have expected Fairscore's to carry out further checks to determine the nature of the flows of these monies or what types of investment transactions Mr D was then carrying out. In overall terms, and based upon the checks that Fairscore carried out, I don't think that its decision to lend was an irresponsible one.

Mr D also highlights that, at the time of his loan application to Fairscore, he was also taking out two other loans. He feels that Fairscore's credit check was deficient because it should have taken these separate loan commitments into account. I can see that the proceeds of one of these loans was credited to his account the day after Mr D took out his Fairscore loan. It's not clear when Mr D was granted the other loan. However, it would be most unlikely that it would feature in his credit file so quickly because there is a delay between entering into a new credit commitment, and that new commitment appearing on a credit file. The process relies upon flows of information which Fairscore is not in control of. Having carried out a credit check at the time of the loan application, I think Fairscore acted reasonably, even though that credit check would not necessarily provide a 'real time' picture of all of Mr D's credit activity. The other loan which Mr D referred to was taken out around two months later so I don't regard it as being relevant to Fairscore's decision. In relation to Fairscore taking account of Mr D's broader credit commitments, the credit check identified that his existing debt was around £9,500 in total. In its affordability assessment, it provided for a monthly cost of servicing this at around £580. I think the latter is reasonable having regard to the debt outstanding. All in all, I think that Fairscore's steps to assess Mr D's creditworthiness were reasonable and proportionate.

Finally, I've thought about whether considering this complaint more broadly as a complaint about an unfair relationship would lead to a different outcome. Having done so, I don't think I can.

In the context of this complaint, the law relating to unfair relationships is described in Section 140 of the Consumer Credit Act 1974 (Section 140). It says a court may make an order under Section 140 if it determines a relationship between the creditor and the debtor is unfair. The consumer is the debtor and Section 140 defines the creditor as "the person to whom his rights and duties under the agreement have passed by assignment or operation of law."

So where a debt has been sold (as Mr D's has), it follows that the debt purchaser is now the creditor for the purpose of the credit agreement. So a claim about an unfair relationship can't be brought by the consumer against the original lender as they are no longer the creditor.

Therefore, whilst I know this won't be the outcome Mr D is hoping for, I don't think Fairscore acted unfairly or unreasonably when it provided him with the loan. It follows that I'm not upholding his complaint.

My final decision

My final decision is that I don't 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 23 March 2026.

John Butler
Ombudsman