

The complaint

Miss B complains that Inclusive Finance Limited trading as Creditspring unfairly arranged two revolving credit facilities that she says were unaffordable for her.

What happened

Miss B entered into two revolving credit agreements with Creditspring. The facilities provided Miss B with a line of credit with a set credit limit. The first was arranged in December 2023 with a credit limit of £600 and came with a £10 monthly fee; and the second in May 2024, this time with a limit of £2,000, and a £28 monthly fee.

These facilities allowed Miss B to drawdown 50% of the credit limit consecutively on two separate occasions, and she was required to repay the capital drawn down over six equal monthly instalments following each drawdown. In addition to her capital repayments, she was also required to pay the monthly fee for the 12-month minimum duration of the agreements.

In late 2024, Miss B complained. She said she should have never been provided with the credit, as it should've been clear to Creditspring that it would've been unaffordable for her. She said that Creditspring should've also realised she was spending large sums of money on gambling.

Creditspring didn't uphold the complaint. They said, in summary, that they had carried out checks proportionate to the amount being lent; those checks hadn't revealed any concerns, and on that basis, the credit had been provided. So, they were satisfied they had lent responsibly. They did however offer to waive the remaining fees due under her current agreement. But Miss B disagreed; she still thought Creditspring were wrong to have lent to her, so she referred her complaint to this Service for independent review.

One of our investigators considered what had happened. He said that while Creditspring's checks, generally speaking, should've gone further, there was enough information already available to Creditspring, for them to have realised that the lending would've been unaffordable for Miss B, and that the credit should therefore not have been provided.

Miss B accepted the investigator's findings, but Creditspring didn't. They reiterated the points set out within their final response letter. Specifically, that they asked Miss B to provide her income and expenses within a range, and that they used the top end of that range when assessing affordability. They also said that they were not made aware of the gambling issues Miss B was experiencing until after the applications were approved, so it wouldn't have been taken into account in their lending decisions.

So, as no agreement has been reached by the parties, Miss B's complaint has now been passed to me 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.

The rules and regulations in place at the time Miss B was provided with the credit, required Creditspring to carry out a reasonable and proportionate assessment of whether Miss B could afford to repay what she 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 Creditspring had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Miss B. In other words, it wasn't enough for Creditspring to just consider the likelihood of getting the funds back – they also had to consider the impact of any repayments on Miss B.

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 Creditspring did what it needed to before agreeing to provide the above credit facilities.

From the information I've been provided, when Creditspring set up the first credit facility, they asked Miss B information about her income and outgoings. These seemed to focus on her monthly income from her work, and also how much she was paying towards her rent.

Miss B declared that she was earning £1,054 a month, and that her monthly rent payments were £340. Creditspring also asked Miss B to confirm her outgoings across a number of categories within a range. And based on her declaration, Creditspring then used the top figures within that range, based on the amounts Miss B declared. For instance, for the food category, the amount Miss B declared fell within the £100 - £199 a month range, so Creditspring allowed £199 a month towards her outgoings for food. The remaining categories considered debt, utilities and transportation, with the total allowances (including food) for these categories totalling £696.

So, based on the figures Creditspring themselves considered, when deducting both Miss B's rent at £340 a month, and her total monthly expenses of £696 from her declared income, it should've been clear to Creditspring that Miss B would've only had around £18 a month available in disposable income, which wouldn't be sufficient to maintain the £60 a month repayments required under the agreement.

I also note that it seems Miss B's credit commitments seem to have been higher than the £199 Creditspring used, as they seem to have uncovered from their own investigations that Miss B had £370 a month owing towards existing unsecured debt repayments. So, I think it should've been clear to Creditspring that the first agreement they provided would've been unaffordable for Miss B.

Looking next at the second agreement Creditspring approved, I also think it should've been clear to them that this would've been unaffordable.

Firstly, Miss B's declared income had dropped from £1,054 a month down to £930. And the checks Creditspring carried out showed that she had a default recorded against her name within the last year, showing that she had recently been struggling with her credit repayments.

Credit spring again used ranges for Miss B's outgoings, which it totalled at around £596 for food, travel, debt and utilities. They also noted that Miss B had £307 a month in existing credit commitments from the checks they ran.

It's unclear whether the £307 was in addition to the £99 it seems Creditspring allowed towards debt, but even if I was to remove the £99 they had allowed, Miss B would've still had total outgoings of £804 a month, against a £930 monthly income, leaving her with just £126 remaining, which wasn't sufficient to cover even the £194 a month repayments due under the agreement Creditspring were providing, let alone allowing any surplus for emergencies or unexpected expenses.

So, overall I'm persuaded that Creditspring shouldn't have arranged the two credit facilities for Miss B, and therefore needs to put matters right.

Putting things right

To put things right for Miss B, Creditspring should:

- remove any interest, charges or membership fees applied to the credit facilities so that only the capital balance/balances remain;
- treat all payments Miss B has made as repayments towards the capital. If the above results in credit balance/balances, then these amounts should be refunded to Miss B along with 8% simple interest per year, from the date of each overpayment to the date of settlement*, and any adverse information recorded in relation to the accounts should be removed from Miss B's credit file; or,
- if after the rework an outstanding balance/balances remain, Creditspring should arrange an affordable repayment plan with Miss B for the remaining amount owing. Once Miss B has cleared the outstanding sums owed, any adverse information recorded in relation to the accounts should be removed from her credit file.

* HM Revenue & Customs requires Creditspring to deduct tax from this interest. They should give Miss B a certificate showing how much tax they have deducted, if she asks for one.

My final decision

For the reasons outlined above, I uphold this complaint and direct Inclusive Finance Limited trading as Creditspring to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 18 December 2025.

Brad McIlquham
Ombudsman