

The complaint

Miss M complains that a loan from Fairscore Limited, trading as Updraft, was unaffordable for her and that it was irresponsible for it to have lent to her.

What happened

Miss M applied to Updraft for a loan in July 2022 and she entered into a fixed sum loan agreement with Updraft for a loan of £4,000. Miss M agreed to repay the loan by 35 monthly payments of £158.11 and a final payment of £167.28. Miss M complained to Updraft in April 2025 that the loan was unaffordable and that it lent to her irresponsibly.

It described the affordability assessment that it had conducted and didn't uphold her complaint as it didn't feel that it had lent to her irresponsibly and its checks were proportionate and reasonable for the loan that Miss M accepted. Miss M wasn't satisfied with its response so referred her complaint to this service.

Miss M's complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. He was satisfied that Updraft had carried out proportionate checks and he thought that it hadn't acted unreasonably by providing the loan as, based on figures that he'd used, there should've been enough disposable income left over each month after Miss M had paid her committed expenditure and debt payments.

Miss M didn't agree with the investigator's conclusion and requested that her complaint be escalated to an ombudsman for a decision. She says, in summary and amongst other things, that at the time of the loan she was struggling severely with her mental health but Updraft failed to consider her vulnerability, even though the warning signs were there, didn't ask enough questions and made no effort to understand her situation. She's provided an email that she received from Updraft in August 2023 in which it offered her a 50% discount if she settled her loan, which she says strongly indicates that it was aware that she was in financial difficulty and is relevant to her claim of irresponsible lending.

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.

Miss M applied to Updraft for a loan to consolidate her debts in July 2022. It says that she told it her income, gave it a breakdown of her outgoings and expenditure, linked her main bank account via open banking and gave it permission to run a credit check. It says that it verified her income and made a credit check. Updraft was required to make reasonable and proportionate checks to ensure that any lending to be made to Miss M was sustainably affordable for her before entering into the loan agreement. Updraft obtained information about Miss M's income and expenditure, verified her income and conducted a credit check. I consider that those checks were reasonable and proportionate for a consolidation loan of £4,000, repayable over three years by monthly payments of £158.11.

Miss M had declared an annual income of £24,000 and Updraft says that it took an average income of £1,720 based on the transactions that it could see in her account. It says that Miss M had declared that her housing costs were £150 and her other expenditure was £228. It says that Miss M had unsecured debts recorded on her credit file of £6,698 and that she was paying £473.34 each month for her existing credit commitments. It says that it conducted an affordability assessment using that amount and £165 for her housing costs and £491 for her other expenditure, which showed that she would have a disposable monthly income of £590.66 and which didn't present a concern in the context of her application. As the loan was to consolidate Miss M's debts, I consider that it would have been reasonable for Updraft to have expected that the loan would cause Miss M's monthly payments on her existing credit commitments to have decreased, which would then have led to her having more disposable income.

The investigator said that Miss M had declared to Updraft that her net monthly income was £1,585.43, but even if that lower income had been used in its affordability assessment, he calculated that Miss M would've had a disposable income of around £209 after making the loan repayments, which he thought was enough to cover unforeseen costs and to show that the loan would've looked affordable.

Miss M says that at the time of the loan she was struggling severely with her mental health but Updraft failed to consider her vulnerability, even though the warning signs were there, didn't ask enough questions and made no effort to understand her situation. Miss M applied for the loan online and I've seen no evidence to show that Updraft was aware of Miss M's mental health struggles at the time of the loan. Miss M had said that the loan was for debt consolidation and I don't consider that Updraft was required to have asked her more questions or to have obtained a more detailed understanding of her situation.

I consider that it was fair and reasonable for Updraft to have concluded, on the basis of the information that it had obtained from the reasonable and proportionate checks that it had made, that a loan of £4,000 repayable over three years by monthly payments of £158.11 was likely to have been sustainably affordable for Miss M at that time, and to have entered into the loan agreement. I'm not persuaded that there's enough evidence to show that Updraft lent to Miss M irresponsibly.

Miss M has provided an email that she received from Updraft in August 2023 in which it offered her a 50% discount if she settled her loan, which she says strongly indicates that it was aware that she was in financial difficulty and is relevant to her claim of irresponsible lending. Updraft says that the offer was part of a portfolio wide forbearance campaign and was generated only after the account had fallen into arrears and was intended as an option to settle the balance where earlier attempts to engage hadn't been successful. It says that it wasn't targeted to historic circumstances and wasn't connected to the details that Miss M provided in her loan application. I'm not persuaded that the offer shows that Updraft knew that the loan was likely to be unaffordable, or that it lent to her irresponsibly, in July 2022.

I've carefully considered all that Miss M has said and provided about her complaint, and I appreciate that this has been a difficult time for her and that my decision will be disappointing for her, but I'm not persuaded that there's enough evidence to show that Updraft lent to her irresponsibly. I've also considered whether Updraft acted unfairly or unreasonably in some other way, including whether its relationship with Miss M might have been unfair under section 140A of the Consumer Credit Act 1974. Having done so, I've not seen anything that makes me think that that was likely to have been the case.

Miss M said in her complaint form that she'd like Updraft to refund the interest charged on the loan and remove any negative entries relating to the loan from her credit file. Updraft is required to report true and accurate information about Miss M's loan to the credit reference agencies. I've seen no evidence to show that the information about the loan that Updraft has reported to the credit reference agencies isn't true and accurate. I find that it wouldn't be fair or reasonable in these circumstances for me to require Updraft to refund any interest to Miss M, to change any of the information about the loan that's on her credit file, to pay her any compensation or to take any other action in response to her complaint.

My final decision

My decision is that I don't uphold Miss M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 22 December 2025.

Jarrod Hastings
Ombudsman