

The complaint

Mrs S complains that Fairscore Ltd trading as Updraft lent irresponsibly when it approved two loan applications she made.

What happened

Mrs S applied for a £6,000 loan with Updraft over a 48 month term in February 2023 (loan 1). In her application, Mrs S said she was earning £46,000 and Updraft used Open Banking to verify a net monthly figure of £2,611. A credit search found Mrs S had a joint mortgage with monthly repayments of £1,351. Unsecured debts totalling around £34,500 were noted with monthly loan payments of £513 and credit card payments of £700. After discussing Mrs S' income and outgoings with her, Updraft reduced the mortgage and loan payments found on Mrs S' credit file by half. Updraft also applied an estimate for Mrs S' regular outgoings. Updraft reached the view Mrs S had a disposable income of £919 a month and approved her application. The loan funds were issued with monthly repayments of £200.77.

Mrs S applied to refinance loan 1 into loan 2 in May 2024. The loan amount was £7,500 over a 61 month term. In this application, Mrs S said her income was £63,000 that was verified as £2,990 a month net. A credit search found Mrs S still had a mortgage with monthly repayments recorded as £1,094. A credit search found unsecured debts of around £18,000 with monthly repayments totalling around £800. Updraft also applied an estimate for Mrs S' general living expenses when completing its affordability assessment. Updraft reached the view Mrs S had a disposable income of around £710 and approved her application. Updraft issued the loan funds to Mrs S with monthly repayments of £228.57.

More recently, Mrs S complained that Updraft lent irresponsibly and it issued a final response. Updraft said it had carried out the relevant lending checks before approving both loans and didn't agree it lent irresponsibly. Updraft didn't uphold Mrs S' complaint.

An investigator at this service looked at Mrs S' complaint. They thought Updraft had completed reasonable and proportionate checks before approving both loan applications and wasn't persuaded it lent irresponsibly to Mrs S. Mrs S asked to appeal so her 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.

Before agreeing to lend, the rules say Updraft had to complete reasonable and proportionate checks to ensure Mrs S could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;

- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information that Updraft used when considering the applications for both loans above. I can see that the reason for loan 1 was given as debt consolidation so there was some expectation that Mrs S' outgoings should go down. Mrs S' income was verified by Updraft and it discussed her regular outgoings before completing the affordability assessment. I can see Updraft made some deductions on the basis of household contributions and I'm satisfied that was appropriate. The credit search results found Mrs S' mortgage and existing debts. No adverse credit, defaults, payday loans or recent missed payments were noted. I can see that after taking Mrs S' income, mortgage, general living expenses and existing debts into account, Updraft reached the view Mrs S had a disposable income of £919 a month.

In my view, Updraft completed reasonable and proportionate checks. Mrs S' income was verified and outgoings discussed. Mrs S' credit file and unsecured debts were all taken into account. And the affordability checks showed she had a disposable income that was more than sufficient to sustainably afford repayments of £200.77 a month. Overall, I'm satisfied the decision to approve loan 1 was reasonable based on the information obtained by Updraft and haven't been persuaded it lent irresponsibly.

When Mrs S applied for loan 2 a new application was completed. Mrs S' increased income was verified by Updraft and a new credit search was completed. It appears Mrs S' circumstances had improved in terms of her unsecured debts which had reduced significantly to around £18,000. I can see that Mrs S' unsecured debt repayments and mortgage were taken into account by Updraft when completing its affordability assessment. I note no new adverse credit, defaults or recent missed payments were found on Mrs S' credit file which, as noted above, also shows her debts had reduced by around £16,500 since loan 1 was approved. I'm satisfied Updraft took Mrs S' credit file information into account when assessing loan 2.

A new affordability assessment was completed taking Mrs S' income, mortgage, general living expenses and credit commitments into account. The result indicated a disposable income of £710 a month which was sufficient to sustainably manage repayments of £228.57. In my view, Updraft completed reasonable and proportionate checks before approving Mrs S' application for loan 2. And I'm satisfied the decision to approve loan 2 was reasonable base on the information Updraft obtained. Overall, I haven't been persuaded Updraft lent irresponsibly when it approved Mrs S' application for loan 2.

I'm very sorry to disappoint Mrs S but for the reasons I've given above, I haven't been persuaded Updraft lent irresponsibly.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Updraft lent irresponsibly to Mrs S or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My decision is that I don't uphold Mrs S' complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 2 February 2026.

Marco Manente
Ombudsman