

The complaint

Miss C complains that Fairscore Ltd trading as Updraft (referred to in this decision as “Updraft”) lent to her irresponsibly. She complains that the affordability assessment did not reflect her true financial position and so Updraft didn’t do enough to check the lending would be affordable for her.

Background

Updraft provided Miss C with a loan of £2,500 in April 2023. This loan had an APR of 39.68% and a term of 36 months. The total amount repayable under the loan agreement was £4,073.42, which included interest, fees and charges of £1,573.42. It was agreed the loan would be repaid in 35 monthly payments of £111.05 and a final payment of £186.67.

In July 2025, Miss C complained to Updraft. She complained the lending had been unaffordable from the outset and caused her to enter a Debt Management Plan (“DMP”) in January 2025 which negatively impacted her credit file.

Updraft didn’t agree it had acted unfairly. It said it carried out proportionate checks before agreeing to lend to Miss C which showed the monthly payments were affordable. And, as the loan was taken out to consolidate some of Miss C’s existing credit commitments, it was reasonable for it to assume the lending would have benefited Miss C’s financial position.

Miss C’s complaint was considered by one of our investigators. The investigator didn’t think Updraft had done anything wrong or treated Miss C unfairly, so she didn’t recommend Miss C’s complaint be upheld.

Miss C disagreed with our investigator, and the complaint was passed to an ombudsman for a final 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.

We explain how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Miss C’s complaint.

Having carefully considered everything, I’m not upholding Miss C’s complaint. I’ll explain why in more detail.

Our approach to considering irresponsible and unaffordable lending complaints

Updraft needed to make sure it didn’t lend to Miss C irresponsibly. In practice, what this means is that Updraft needed to carry out reasonable and proportionate checks to be able to understand whether Miss C could afford to repay the lending in a sustainable way before agreeing to lend.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low, or the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggested the lender needed to know more about a prospective borrower's ability to repay.

In reaching my decision, I firstly considered whether Updraft's checks were proportionate given the circumstances of the lending agreed. I then went on to consider whether Updraft made a fair lending decision.

Were Updraft's checks proportionate?

To assess Miss C's affordability, Updraft has explained it reviewed information provided by Miss C in her application, verified her employment as well as her declared income, carried out a credit check, and completed an income and expenditure assessment using information Miss C provided about housing costs, utility bills, other contractual obligations (for example, phone costs) and her essential spending including travel and food - it then supplemented this expenditure with statistical data relating to average customer spending.

Updraft has explained these checks indicated the monthly payments for the loan would be affordable for Miss C. However, Miss C has said she shouldn't have been lent to. I've thought carefully about what Updraft and Miss C have said.

Updraft asked Miss C for open banking access to her main bank account and pulled her incoming salary payments (the income from her declared employer) over a five-month period. To establish an estimated income figure Updraft then took the average of this income over the three months prior to the lending being agreed.

I do think the steps Updraft took to verify Miss C's income were reasonable, and meant Updraft wasn't just relying on what Miss C had told them about her income when considering the affordability of the loan.

Updraft also completed a credit check to understand Miss C's credit commitments, the status of her accounts and whether she had any defaults. The credit check Updraft carried out showed that, at the time the loan was agreed, Miss C had 12 active accounts all showing as up-to-date, with no significant adverse information recorded on either active or historic accounts.

Miss C has said that her 'debt-to-income ratio' was 87% at the time of her application and this was above the 43% recommended by the Financial Conduct Authority ("FCA"). It's unclear where Miss C has seen this debt-to-income ratio as no such cap exists for unsecured lending. In any event, the important thing for me to point out here is that Updraft's credit check identified that what Miss C owed to her existing creditors, which is what debt-to-income is based on, represented around 37% of her income. This is below the 43% Miss C has referred to.

Indeed, considering Miss C said she was paying £65 in overdraft charges alone without reducing the capital each month, and that this new loan would enable Miss C to close her overdraft and could also reduce what she owed on other accounts where she was around her limit, I do think it was reasonable for Updraft to have concluded that this first consolidation loan it was providing could help her situation

That said, Miss C did appear to be at her credit limit on one account, at her overdraft limit on a bank account, and slightly over a credit limit on a mail order account (£11 over). However, I do have to bear in mind that Miss C was taking out the loan to consolidate some of her debts. In particular, Miss C had told Updraft in her application she would repay her overdraft and in later correspondence she said she wanted 'to consolidate as much debt as possible'.

From the credit check, I can also see that Miss C had taken out two loans in the months prior to this lending being agreed. Miss C has said this lending activity indicates she was relying on borrowing to meet essential commitments. However, bearing in mind the rest of the

information gathered suggested Miss C was managing what she had, I don't think the presence of these loans alone was enough for Updraft to do anything differently here.

Miss C has told our service that she had actually taken out four loans at this time. However, having reviewed the credit check and the information available to Updraft, I can see only two loans were showing on its credit search. As Updraft was entitled to rely on the results of its search, I don't think it was unreasonable for Updraft to conclude that there were only two loans. Furthermore, I do also think it fair to say that Miss C could have included information relating to any missing additional loan commitments through the income and expenditure assessment she was asked to confirm at the time.

Updraft then shared its income and expenditure assessment with Miss C. And what is important here is that Miss C confirmed that this representation of her income and expenditure was accurate. Nonetheless, for an additional degree of confidence, where Miss C's declaration of her expenditure for a particular area fell below statistical averages, the expenditure was increased to the average amount. After doing this, Updraft concluded that Miss C would have £162 left each month after her existing non-discretionary commitments and the new loan payment had been accounted for. Updraft drew from this that the lending would be affordable for Miss C.

Looking at the checks Updraft carried out, I do think they were proportionate in the circumstances. Particularly considering this was Miss C's first loan with Updraft, that she had no significant adverse information on her credit file, that she was using the lending to consolidate existing debts and that Updraft had taken steps to carry out an accurate income and expenditure assessment.

Miss C has also raised concerns about the high cost of the lending and said this should have triggered a more in-depth affordability review. Specifically, that Updraft should have utilised her consent to open banking to look through her bank account in more detail. In the first instance, both the interest rate and the cost of the loan were set out on Miss C's loan agreement. So, I think it would be fair to say that Miss C would have been aware of the terms when agreeing to her loan. While I accept that this loan wasn't cheap, bearing in mind the information Updraft had and Miss C's confirmation of the accuracy of the information obtained, I'm not persuaded that a review of bank statements would have been proportionate. For the reasons set out above, I think Updraft's checks were fair and I don't think a proportionate check required it to do more here.

Since I have found Updraft's affordability checks to be proportionate in the circumstances, I will now go on to consider whether the information Updraft had, reasonably entitled it to lend.

Bearing in mind the information Updraft had, was it reasonably entitled to lend?

During the course of this complaint, Miss C has expressed concern that the amount Updraft concluded she would have left over wasn't enough for her to pay for essentials such as travel, or guard against any financial emergencies. I've thought about what Miss C has said.

To start with, the income and expenditure calculation had already included Miss C's essential spending and bills as set out above.

While I appreciate Miss C's concerns that she didn't have enough for emergencies, I also need to keep in mind that Updraft had already increased some of Miss C's expenditure declarations – for example Updraft increased Miss C's declared rent cost from £750 to £825. These increases would have provided an additional financial cushion to Miss C to support her in safeguarding against any unexpected costs. It also didn't include any savings from any debt consolidation. So in reality, the amount Miss C has referred to, is the minimum that Updraft concluded she would have left over. With this in mind, I don't find the amount Updraft concluded that Miss C would have left over after making her loan payment indicates it was unreasonable to lend to her.

I know Miss C is unhappy and she believes that a decision to lend was based on an assessment that was not reflective of her circumstances. I'm sorry to learn of Miss C's current circumstances and that she has since entered into a DMP – and I do sympathise with what she is going through. However, in reaching my decision, I am required to look at the information Updraft had available to it at the time of her application in 2023. Bearing in mind everything, I do think Updraft was reasonably entitled to conclude the monthly repayments would be affordable for Miss C, particularly as the expectation was for Miss C to consolidate her existing commitments into this loan.

Therefore, having reviewed Updraft's lending decision, I do think Updraft reasonably relied on the information it had gathered which suggested the payments were affordable for Miss C.

In reaching this conclusion, I've also considered whether the lending relationship between Updraft and Miss C might have been unfair to Miss C under Section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Updraft lent irresponsibly to Miss C or otherwise treated her unfairly in relation to this matter. And 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.

Taking all of this into account, I'm not persuaded that Updraft lent in circumstances where it was inappropriate to do so. So I'm not upholding Miss C's complaint. I appreciate this will be disappointing for Miss C – but I hope she'll understand the reasons for my decision.

Although I'm not upholding Miss C's complaint, I'd like to remind Updraft of continuing its obligation to exercise forbearance in light of what Miss C has said about her circumstances, particularly should things remain the same when her DMP comes to an end.

My final decision

My final decision is that I'm not upholding Miss C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 17 February 2026.

Georgina Arnott
Ombudsman