

## The complaint

Miss P is unhappy Fairscore Ltd trading as Updraft ('Updraft') provided her with two loans that were unaffordable.

## What happened

Updraft provided Miss P with two loans:

- Loan one in April 2023 for £5,000. This was due to be repaid in 47 monthly instalments of around £150, plus one final payment of around £180. The purpose of the loan at the time of the application was recorded as debt consolidation.
- Loan two in June 2024 for £10,000. This was due to be repaid in 60 monthly instalments of around £260 plus one final payment of around £70. The purpose of the loan at the time of the application was recorded as debt consolidation.

Miss P made an irresponsible lending complaint in January 2025. She said Updraft's affordability assessments were inaccurate and failed to account for her full financial circumstances. She added that Updraft had access to her bank statements through Open Banking and should have seen that she had little to no disposable income each month.

Updraft didn't uphold Miss P's complaint, explaining that they thought their lending decisions were fair and reasonable based on the information they had available. So, Miss P brought her complaint to the Financial Ombudsman.

One of our investigators looked at Miss P's complaint and thought that, whilst the first loan was affordable, Updraft shouldn't have agreed to provide the second loan. He found that this loan would have left Miss P with very little disposable income which wasn't sustainable. So, he recommended that the complaint about loan two be upheld.

Updraft disagreed with the investigator, reminding him that they are a specialist consolidation lender and that both loans reduced Miss P's monthly outgoings. Our investigator maintained that providing Miss P with loan two wasn't sustainable.

Updraft continued to disagree with our investigator and asked for an ombudsman to look at this case. I issued a provisional decision, explaining that I wasn't intending to uphold the complaint. I explained why, as follows:

*The rules and regulations in place at the time Updraft provided Miss P with the loans required them to carry out a reasonable and proportionate assessment of whether she'd be able to repay them in a sustainable way. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.*

*The checks had to be 'borrower-focused'. This means Updraft had to think about whether repaying the credit would cause difficulties or adverse consequences for Miss P. In other words, it wasn't enough for Updraft to consider the likelihood of them getting the funds back or whether Miss P's circumstances met their lending criteria – they had to consider if Miss P would be able to sustainably repay the lending being provided to her.*

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 and the amount, purpose, cost of credit they were seeking. I've kept all of this in mind when thinking about whether Updraft did what was needed before lending to Miss P.

#### Did Updraft carry out reasonable and proportionate checks?

Before approving the application for loan one, Updraft:

- Asked Miss P what her income was and verified this using Open Banking data
- Asked Miss P for her expenditure
- Estimated Miss P's disposable income
- Checked her credit file

Updraft carried out similar checks before approving the application for loan two however, they didn't rely on Open Banking data. Instead, they verified Miss P's income using data from the credit reference agencies ('CRA').

I'm inclined to say these checks were reasonable and proportionate in the circumstances. Miss P had told Updraft that she would be using the loans to repay her credit cards so it was reasonable for Updraft to think they would likely improve her situation overall. They weren't adding to Miss P's indebtedness but, rather, were providing her with an opportunity to improve her financial circumstances.

I noted that, as well as asking Miss P for her expenditure details, Updraft obtained statistical data which they found to be higher than what Miss P declared. They made the decision to use the higher figures which is reasonable as it accounts for potential higher outgoings than Miss P declared.

The credit file data obtained when Miss P applied for loan two shows that three credit card accounts which were active in April 2023 were now closed in June 2024. This supports that Miss P likely used loan one as intended, to repay her credit card debt. So, I don't think there ought to have been any concerns that Miss P wouldn't use loan two for the same purpose.

I accept that Miss P's overall debt had increased by around £5,500 since loan one was taken out, which could be a sign that she was overly reliant on lending. But the data showed she was managing these well. So, I don't think this ought to have prompted Updraft to carry out further checks such as verifying her expenditure through bank statements. There's no general requirement for banks to do so and I don't think this increase in overall debt alone justified it.

#### Did Updraft make a fair lending decision?

Just because I think the checks were proportionate based on Miss P's circumstances, it doesn't end there. I need to consider whether Updraft made a fair decision to lend.

#### Loan one

Updraft carried out a credit check which showed no adverse information. Miss P had around £22,000 unsecured debt and no active mortgage. She appeared to be managing these accounts well, with no missed payments, underpayments or arrears in the months leading up to the loan application.

*Updraft verified Miss P's monthly income of around £1,800 via Open Banking. They then used the CRA monthly credit commitment of around £740, with around £380 going towards Miss P's credit card debt. I'm satisfied that the data showed Miss P had one or more credit card accounts she could repay with this loan. And so, I wouldn't expect the monthly credit commitment to increase given the purpose of the loan.*

*Updraft also used the average expenditure figures they'd obtained from the statistical data - £115 for rent (Miss P had confirmed in her application that she lived with her parents), and £486 for essential living costs. Based on these figures, Miss P was left with a disposable income of around £460 which supports that loan one was affordable.*

*I appreciate Miss P has said that, as Updraft had access to her bank statements through Open Banking, they ought to have seen she had limited disposable income. However, I think it was reasonable to rely on the Open Banking data to only verify her income, and I don't think they needed to go as far as verifying her expenditure. I say this because there was nothing in the information they obtained which ought to have prompted them to carry out further checks. The regulations specifically allow a business to use statistical data to estimate an applicant's expenditure, and I'm satisfied it was fair for them to do this in Miss P's case.*

#### Loan two

*On this occasion again, Updraft carried out a credit check. Miss P had around £27,500 unsecured debt and no active mortgage. She still appeared to be managing these accounts well, with no missed payments, underpayments or arrears in the months leading up to the loan application.*

*Updraft verified Miss P's monthly income of around £2,000 using data obtained from the CRAs. They also relied on the CRA data to establish her monthly credit commitment of around £1,070 with around £350 going towards her credit card debt. Once again, I'm satisfied that the data showed that Miss P had credit card accounts she could repay with this loan.*

*Updraft also used the average expenditure figures of £238 (for rent) and £353 (for essential living costs). Based on these figures, Miss P was left with a disposable income of around £340 which supports that loan two was affordable.*

*As I mentioned above, I accept that Miss P's unsecured debt did increase considerably since loan one had been taken out. Specifically, Miss P had opened several new credit card accounts. However, they all appeared to be well maintained, and Miss P was taking out loan two to repay some of these existing balances. So, I'm not persuaded that this should have alerted Updraft that Miss P was struggling financially.*

*In summary, Miss P's total outgoings would have been somewhat reduced by consolidating her credit card debt on both occasions. And as these loans likely had lower interest rates than the accounts Miss P held revolving credit balances on, I'm satisfied Updraft were reasonably entitled to believe that Miss P would be left in a better position after being provided with these loans.*

*So, I'm inclined to say Updraft didn't act unfairly when they granted the loans to Miss P. They carried out reasonable and proportionate checks and the information they obtained suggested that the loans would be sustainably affordable.*

*In reaching my conclusions, I've also considered whether the lending relationship between Updraft and Miss P might have been unfair to Miss P under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already given, I don't think Updraft lent irresponsibly to Miss P 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.*

*So overall and having considered everything, I'm currently minded to conclude that Updraft acted fairly and reasonably when agreeing to provide these loans to Miss P.*

Miss P responded to the provisional decision and expressed her disappointment with it, stating that her disposable income was much lower and she was heavily dependent on lending to get through each month.

Updraft acknowledged receipt of the provisional decision letting me know they agree with what was said.

### **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.

Having done so, I've reached the same outcome as I did in my provisional decision, and for the same reasons. I appreciate what Miss P has said in response to my provisional decision about her disposable income being much lower than estimated by Updraft and her reliance on lending to get by. But Updraft could only take into account the information they were aware of at the time, and as I've explained above, they gathered enough information in the circumstances and that information suggested the lending was affordable.

I know how strongly Miss P feels about this matter, and I'm sorry to disappoint her here. I've not seen anything that changes my provisional decision and so, I'm not persuaded Updraft acted unfairly when deciding to lend to her.

### **My final decision**

For the reasons I've outlined above, I'm not upholding Miss P's complaint about Fairscore Ltd trading as Updraft.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 13 January 2026.

Amelie Makris  
**Ombudsman**