

The complaint

Miss T complains that Fairscore Ltd trading as Updraft (Updraft) acted irresponsibly when they agreed to lend to her.

What happened

Miss T successfully applied for three loans with Updraft between 2022 and 2024, as follows:

- In July 2022 for £8,000.
- In August 2023 for £5,300.
- In February 2024 for £8,200.

Miss T complained to Updraft in June 2025 that they were irresponsible in giving her these loans, as they were unaffordable. She says that a credit check would have shown that her finances had deteriorated since the first loan, and so they should not have given her the final two.

Updraft say that they considered Miss T's overall creditworthiness and based on this they felt that they'd made fair lending decisions. They believe they have carried out reasonable and proportionate checks and found that each loan was affordable and sustainable.

Miss T wasn't happy with Updraft's response and referred their complaint to us. Our investigator said that while the checks carried out were reasonable and proportionate in each case, the findings from the second and third loan indicated that the lending would not be sustainable.

Miss T didn't dispute this position, but Updraft didn't respond, so the case has 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.

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I've considered what both parties have said about Miss T's lending with Updraft. Having carefully considered everything, I don't think that Updraft acted fairly and reasonably in all of their lending decisions.

The relevant rules, regulations, and guidance at the time of Updraft's lending decisions required them to carry out proportionate checks. While there isn't a defined list of checks a lender needs to carry out, such checks should be proportionate, considering things like the type, amount, duration and total cost of the credit, as well as the borrower's individual circumstances. These checks needed to assess Miss T's ability to afford the loan being approved and to be able to repay it sustainably, without causing her financial difficulties or harm.

It isn't sufficient for Updraft to just complete proportionate checks, they must also consider the information obtained from these checks to make fair lending decisions. I've considered the checks Updraft did and what they found from these checks.

Loan one

Miss T obtained a loan from Updraft for £8,000 in July 2022, with monthly repayments of around £248 over 43 months.

For each of the loans, Updraft reviewed the income and expenditure information declared by Miss T in her application. They used open banking to verify employment and completed a credit check. Updraft carried out an income and expenditure review using these figures and standard estimates provided from ONS (Office of National Statistics) data. Where ONS data gave a higher expenditure figure than that declared in Miss T's application, they used the higher amount.

Miss T declared in her application that she had an income of £28,000. Open banking verification found she was receiving an average net monthly income of around £2,084. Updraft used credit file information to find she had existing credit commitments of around £792 per month. ONS data showed that Miss T's home/rent expenditure was around £268 and other expected expenditure was around £590. This meant Miss T had a disposable income of around £430. The loan payments with Updraft would be £248 per month over 43 months, leaving around £185 remaining of disposable income.

At the time, Miss T's credit file showed that she had a total unsecured debt of £21,922. She had no previous defaults or County Court Judgments (CCJs) and the checks showed that her accounts were up to date with no delinquencies. Miss T had declared that the purpose of this loan was to consolidate multiple loans.

Based on the circumstances of this case, including the information requested, the verification undertaken, taking into account that the purpose of the loan was consolidation and amount of credit given, I'm satisfied that the checks done were sufficient, being reasonable and proportionate in the circumstances.

I also have to consider if, based on the information within these checks, the information was considered fairly.

Although Miss T had a high level of unsecured debt compared to her income, her credit file showed that it was being well managed and she had a reasonable disposable income after these repayments and other expenditure was taken into account. The purpose of this loan was consolidation, and I think that at this stage it was also fair to expect that some of the existing debt repayments may decrease or be replaced. Consolidation wasn't a requirement of the loan, but I'm satisfied that even if it had not been used for this purpose, the payments would have been affordable and sustainable given the amount of disposable income remaining. Taking all of these circumstances into account, I thought that the decision to lend was fair and reasonable.

Loan two

Prior to the loan in August 2023 for £5,300, Updraft carried out the same checks as mentioned above.

In her application, Miss T declared an income of £30,200. Updraft verified this using open banking, which found that she had an average monthly income of around £2,197. At the time, her credit file showed she had credit commitments of around £1,111 per month. ONS data found that her home costs would be around £293 and other expenses were around £575, both figures being higher than the amounts given by Miss T in her application form. This gave a disposable income of around £219 per month.

Miss T's credit file found that her current credit commitments were up to date and her overdraft facilities were not being used. She had no previous defaults or CCJs and all her accounts were up to date with no delinquencies reported. Her earlier loan with Updraft was in good standing order with payments being made on time.

Based on the circumstances of this case, including the verification of income, and the use of higher estimates from ONS where relevant as well as the management of the previous loan, I'm satisfied that the checks done were sufficient, being reasonable and proportionate in the circumstances.

I also have to consider if, based on the information within these checks, the information was considered fairly.

This loan required repayments of £166 over 47 months, and when these are taken into account, Miss T would have around just £52 per month remaining. I don't think that this was sustainable. At the time Miss T had unsecured debt totalling around £27,264, and was already making around £1,111 in credit payments each month, a figure over half of her net monthly income. It is acknowledged that Miss T's existing loan with Updraft was being managed well, and she had said that the purpose of this loan was to consolidate existing credit. So, while it may have been expected that Miss T would have reduced or at least replaced some of these credit payments, I think that Updraft ought to have questioned whether that was likely.

Miss T's previous loan was also for consolidation, and since this time, her overall credit commitments had grown. There was nothing that required Miss T to use this loan for consolidation, and if she did not, there was only a marginal buffer there for any unexpected expenses that may have arisen. I think that the information found in these checks showed that the disposable income available to her was insufficient to sustainably repay this loan for the duration of the repayments.

Taking into consideration all of the circumstances, I do not find that the decision to lend was fair and reasonable.

Loan three

Updraft gave Miss T a third loan in February 2024, for £8,200. They carried out the same checks as for the previous loans. Miss T declared an income of £30,200. Updraft carried out verification using open banking which found she had a monthly net income of around £2,227. At this time, Miss T's credit file showed she had monthly credit commitments of around £1,071. Updraft used ONS data to find that Miss T's housing expenditure was around £293 and other expected expenditure was around £569, using the higher figure out of ONS data and Miss T's declared expenditure. This left Miss T with a disposable income of around £294.

Updraft carried out a credit check which showed that Miss T had a total unsecured debt balance of £23,772. She had no previous defaults or CCJs and all her accounts were up to date with no delinquencies reported. Her previous loan payments were found to be in good order. I think that Updraft carried out sufficient checks prior to this lending and I satisfied that the checks carried out were reasonable and proportionate.

I also have to consider if, based on the information within these checks, the information was considered fairly.

Once taking into account the monthly payments of this loan, of around £235, Miss T was again left with a small disposable income of around £60 remaining for unexpected payments over the following 60 months. Again, it is noted that Miss T said this loan was to pay off existing credit, specifically credit cards. Updraft say that she did in fact use part of the loan for this purpose. I can also see that the overall credit commitments on Miss T's credit file are lower at this time than during the previous loan. However, this was now the third loan with Updraft for consolidation purposes, with the most recent being given only around six months earlier.

Taking into account the length of the loan, the amount of disposable income, the continued requests for loans for consolidation and high portion of income going towards existing debt, I think that on balance this loan was not sustainable. As such, I found the decision to lend to Miss T was not fair or reasonable.

In reaching my conclusions, I've also considered whether Updraft acted unfairly or unreasonably in some other way, including whether the lending relationship between Miss T and Updraft might have been unfair to Miss T under s140A of the Consumer Credit Act 1974. However, I'm satisfied that what I direct Updraft to do in the section below results in fair compensation for Miss T given the overall circumstances of her complaint. For the reasons I've explained, I'm also satisfied that, based on what I've seen, no additional award is appropriate in this case.

Putting things right

As I don't think Updraft ought to have provided loans two and three, I don't think it's fair for them to be able to charge any interest or charges under those credit agreements. But I think Miss T should pay back the amounts she has borrowed. Therefore, Updraft should:

Add up the total repayments Miss T has made for loans two and three and deduct these from the total amount of money she received.

- a) If this results in Miss T having paid more than she received, any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement).†

- b) Updraft should also remove all adverse information regarding loans two and three from Miss T's credit file.
- c) If any capital balance remains outstanding, then Updraft should arrange an affordable and suitable payment plan with Miss T. Once Miss T has cleared the balance, any adverse information in relation to the accounts should be removed from their credit file.

† HM Revenue & Customs requires Updraft to take off tax from this interest. Updraft must give Miss T a certificate showing how much tax it's taken off if they ask for one.

My final decision

For the reasons given above, I uphold this complaint against Fairscore Ltd trading as Updraft.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 23 March 2026.

Frances Kerlake
Ombudsman