

The complaint

Mr W complains that Fairscore Ltd trading as Updraft (“Updraft”) lent to him irresponsibly.

What happened

Updraft describes itself as a ‘*phased consolidation lender*’. It says: ‘...we refinance a proportion of a customer’s existing unsecured debt onto a fixed term, amortising facility designed to stabilise monthly outgoings and reduce the overall cost of credit over time.’

And it points out that the loan from Updraft must be affordable even if the customer were to make no changes to how they manage other credit commitments.

Mr W took one loan for £5,000 on 26 August 2024 repayable over 48 months: 47 instalments were just under £180 a month and the last one was £190.61. The total to pay was £8,648.26 if Mr W repaid as scheduled.

Updraft told us that after seven months of repayments Mr W informed it that he was going to establish a Debt Management Plan (DMP) but that’s not yet been finalised. In December 2025 it told us that Mr W continues to make repayments.

After Mr W had complained, and had referred his complaint to the Financial Ombudsman, one of our investigators considered it and thought that Updraft ought not to have approved the loan for Mr W. Updraft disagreed and the unresolved complaint was passed to me to decide.

After I had reviewed the complaint, I asked Updraft to explain more about the Open Banking element of its checks which it has provided for me.

On 19 March 2026 I issued a provisional decision giving reasons why I considered that Updraft had carried out proportionate checks and had lent fairly. That is duplicated here for ease.

What I provisionally decided on 19 March 2026 – and why

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint. Updraft needed to make sure that it didn’t lend irresponsibly. In practice, what this means is that it needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr W before providing it. Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. And I’ve used this approach to help me decide his complaint.

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 that information – 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, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggesting the lender needed to know more about a prospective borrower’s ability to repay.

And for this Updraft loan I am aware that it is a consolidation loan provider and carries out its assessment without offsetting the debt being consolidated – but looks to check if the new loan would be affordable as a stand alone, fresh loan. So, it is saying - it only looks to see if an

applicant can afford the new loan irrespective of whether they do actually pay down a credit card.

Mr W declared his income and Updraft has explained that it used Open Banking to verify the credits into the account for income. I am satisfied with this explanation I've received which was detailed. Updraft proceeded on the basis that Mr W's average regular monthly income was £2,504 (after tax).

Mr W declared his general expenditure and Updraft has explained that these were too low and so instead used Office of National Statistics (ONS) data to increase those figures to ONS standards.

One of the reasons it considered it to have been too low was that Mr W declared his rent as £0. Updraft increased this figure plus his 'other expenditure' despite being aware that Mr W was living at home with his parents. That usually indicates that a person's household overheads were low as its not usually the case that Mr W would have been charged full rent plus bills as borne out by Mr W's declaration of £0 for rent. I've considered this element as part of the overall assessment Updraft did.

It carried out a credit search and discovered that Mr W had just under £20,000 outstanding on his revolving credit accounts. It calculated the minimum repayments for that were around £614 per month and that's about 3% as a minimum monthly repayment which seems a fair calculation.

Updraft discovered from the credit search that Mr W had around £21,822 of instalment loan (unsecured) debt for which his monthly total repayments were around £585. So, the total cost to Mr W was £1,199 per month. That translated into 47% of his net salary which is high but not so high that the consolidation loan, on that basis alone, ought to have been refused. And in the FRL Updraft used Mr W's declared credit spend of £1,500 a month. Which looks to have been a higher figure than the reality of just under £1,200.

Updraft's assessment was that Mr W had £231 left over after Updraft had calculated he'd paid all current credit commitments (using the higher monthly figure of £1,500) and paid his expenditure using the higher ONS standards figures. It has said that it does not '*assume any benefit from consolidation when determining*' affordability. The repayments for the Updraft loan were due to be £180 a month and so it looked affordable. But I do accept that the margin was narrow at £51 a month left over for Mr W and the new Updraft loan was due to be for 48 months.

Looking at all this, the money left over to Mr W each month was after Updraft had deliberately increased his general expenditure costs despite knowing he had lower overheads than most as he was living at home with his parents. It used the higher monthly credit cost figure Mr W had declared (£1,500) a month rather than the figure I've seen from the credit search results provided by Updraft (just under £1,200 a month). Updraft has said to us:

'In effect, we layered in a pre-emptive buffer of expenses the customer did not state as having.'

And I agree with this statement.

I have reviewed the credit search results and Mr W had no adverse data at all. I saw that one loan was for £23,920 (current balance £19,934) which had started in June 2023 and was costing £399 a month. I think it's highly likely that this was for a vehicle.

I have used the financial information Mr W has sent to us to see if this assumption may be correct and I have seen that Mr W regularly pays to the DVLA and has two insurance costs – so I think this was likely for a vehicle. It's of relevance as it places in context the nature of the loan and the complexion of Mr W's indebtedness alters a little knowing it's for an asset likely needed for work and/or lifestyle events.

I do consider that the nature of the loan as a consolidation loan is relevant. And so, once that consolidation of the overdraft and a credit card had taken place (as it did) then Mr W's regular debt repayment commitments likely had not increased as the APR for this loan was a little lower or about the same as most credit cards these days. The example Updraft has used is one card Mr W had with an APR of 37.9% whereas its loan's APR was 27.9%. And at the end of the term Mr W would not owe anything – the debt would have been paid.

Updraft has challenged the statement in the investigator's view that it ought to have received assurance from Mr W that he was going to use its funds to pay down existing credit card debt. And I see Updraft's point. I have thought about this. It said to us:

In other words, we assume the worst case position: that [Mr W] continues to service all existing credit commitments exactly as before, and must also meet the new loan repayment.

The affordability outcome therefore does not depend on identifying which cards might be repaid, nor on any assumption that monthly expenses would reduce. Any consolidation that then occurs as declared can only improve cash flow beyond what was already tested.

In any event, this is largely academic as both parties know that Mr W did in fact pay down a credit card and paid off his overdraft using the Updraft funds.

Because Mr W's overall situation was one of a positive credit record and, I accept Updraft's points that it has made (as outlined above) then I have taken a different view to that of our investigator. I consider that no additional checks were required by Updraft.

Therefore, I consider that the assessment Updraft did was fair and reasonable and overall Mr W could afford it. I plan not to uphold the complaint.

This is the end of the duplicated provisional 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.

Both parties were asked to respond before 2 April 2026. Neither has responded. And so as I've received no further evidence or submissions, and in the interests of resolution, I am proceeding to decision.

I've also considered whether Updraft acted unfairly or unreasonably in any other way and 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 it lent irresponsibly to Mr W or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

I've no reason to alter my findings outlined in my provisional decision. For those same reasons I do not uphold the complaint.

My final decision

My final decision is I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 30 April 2026.

Rachael Williams
Ombudsman