

The complaint

Mr W complains that Inclusive Finance Limited trading as Creditspring (Creditspring) acted irresponsibly when they agreed to lend to him.

What happened

In March 2021 Mr W entered into a Fixed Sum loan agreement with Creditspring for £500. He agreed to pay a fee of £6 a month for 12 months, in total £72 which entitled him to draw down two advances of £250 each during a 12-month minimum term. Each advance of £250 was repayable over four monthly instalments, with no interest payable. So, the total amount Mr W needed to repay was £572.

In December 2021 Mr W entered into another Fixed Sum loan agreement with Creditspring this time for £1,000. Mr W agreed to pay a fee of £10 per month, being £120 which entitled him to draw down two advances of £500 each during the 12-month minimum term. Each advance was repayable over six-monthly instalments, with no interest payable. So, the total amount Mr W needed to repay was £1,120.

Mr W said Creditspring didn't carry out sufficient checks to establish whether the lending was affordable for him. He said if they had they would have seen he was a student with only his student loan as income. He said he was struggling to meet his financial commitments having several defaulted accounts. And had Creditspring properly checked they would have seen he was spending money on gambling. He complained to Creditspring.

Creditspring said they'd completed appropriate checks before they approved the lending to Mr W and these showed the borrowing was affordable.

Mr W wasn't happy with Creditspring's response and referred his complaint to us.

Our investigator said given the type and amount being borrowed Creditspring's checks were reasonable and proportionate. And based on these checks Mr W had sufficient disposable income to sustain the repayments.

Mr W disagreed and asked for an ombudsman to decide.

I issued a provisional decision early January 2026 that 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'm currently minded to reach a different outcome to that of our investigator. I'll explain why.

I've considered the relevant rules and guidance on responsible lending set by the regulator, laid out in the consumer credit handbook (CONC). In summary, these say that before Creditspring offered the loan they needed to complete reasonable and proportionate checks

to be satisfied Mr W would be able to repay the debt in a sustainable way.

The amount Creditspring was looking to lend to Mr W, £500 is relatively low, so I wouldn't expect Creditspring to conduct a detailed income and expenditure assessment. Creditspring has shown they used data supplied by Mr W from his application and conducted a credit reference agency (CRA) check.

Creditspring said Mr W stated he'd a monthly income of £1,400 and he'd unsecured loan commitments of £80, no information was provided for any other non-discretionary outgoings. Creditspring calculated Mr W would have a disposable income of £1,320. Creditspring also did a credit check, which looked at Mr W's credit history, which should show his credit commitments and how he was managing or had managed these such as any evidence of late repayments, defaults, and/or county court judgments.

I've looked at the results of this check but have struggled to understand how Creditspring used it to form a reasonable picture of Mr W's financial stability. I say this as the information is limited as for many of the markers it shows that the CRA didn't provide any information. But I can see that Mr W was two months in arrears with his credit commitments. Given Mr W's apparent low level of indebtedness I would have thought this required further checks.

Mr W has provided his own credit report, while this was created in July 2025 it should provide some evidence as to what Creditspring's credit history check should have shown. I can see that Mr W had an unsecured loan that he'd taken out in May 2020 for £1,440 with a monthly repayment of £80. And that he was two months in arrears with his repayments at the time of the new lending, which reflects the information Creditspring has given to us.

But I can also see that Mr W had taken out two "advance against income" loans in February and May 2020 for £305 and £200 respectively, and an unsecured loan in May 2020 for £590. At the time Mr W applied for the loan with Creditspring I can see he was six months in arrears for the unsecured loan. And that he'd defaulted on the "advance against income" loans in July 2020 and November 2020, with outstanding balances of £550 and £259 respectively.

I can also see from Mr W's credit report that he'd several bank accounts, two of which he'd overdraft facilities for of £2,000 and £1,250 respectively. At the time of the lending, around March 2021 he'd overdraft balances of £1,994, and was over his overdraft limit for the other as he'd an overdraft balance of £1,287. Mr W had also defaulted on two telecommunications accounts in June 2020 and January 2021 respectively.

I don't know why Creditspring's checks didn't provide the information held on Mr W's credit report at the time, especially as their later credit check clearly showed evidence of defaults.

As shown in Mr W's credit report he was fully utilising his overdraft for two of his bank accounts. Mr W has provided bank statements for two of his bank accounts. Mr W has said his financial struggles resulted from his gambling activity. While I wouldn't expect a lender to generally ask for bank statements for the type and amount Mr W was looking to borrow, as I think Creditspring needed to conduct further checks they're a good indicator of Mr W's financial circumstances. And I can see that for his bank account where he was fully utilising his overdraft facility of £1,250, there was little activity in the months prior to the lending but I can see a returned direct debit and overdraft usage charges.

From the other bank statements for an account without an overdraft facility, I can see that in January 2021 Mr W spent around £1,700 in gambling transactions, more than his declared monthly income. While this level of activity isn't present in the following two months, I can see winnings paid into the account so Mr W, I think was most likely still gambling but not

necessarily from this account. The bank statements also show regular payments in and out of the account to various people.

Overall while I can't say Mr W had a compulsion to gamble. I think added to his credit history had Creditspring checked further they would have seen Mr W's finances were already under pressure as he was struggling to repay his existing loans, some for similar or lesser amounts than he was looking to borrow from Creditspring. He was utilising his overdraft facilities to close or above their limits. And as the new lending wouldn't consolidate all of his existing borrowing, I don't think it was responsible of Creditspring to lend further to him as they were adding to his financial burden when there were clear signs of financial vulnerability.

It follows, that unless checks at the time of the second agreement conclusively showed Mr W's finances had stabilised, I think it would have been irresponsible to again lend to him. And I haven't seen evidence that this was the case. In December 2021 when Mr W was looking to borrow £1000 from Creditspring, I can see from Mr W's credit report which should reflect the information Creditspring should have seen from their credit check, that both of Mr W's unsecured loan accounts that had been in arrears at the time of the March 2021 loan had since defaulted. So, Mr W now had seven defaulted accounts registered, the youngest being five months prior to the new lending. And while one of his overdraft bank accounts had been closed, the other remained at the maximum of his overdraft facility, £1,250. So, I don't think Creditspring acted fairly and reasonably in lending to Mr W.

I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. But I'm satisfied the redress I have directed below results in fair compensation for Mr W in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right

When a business has done something wrong, I'd look for the business to put the complainant in the position they would be in now if the mistake they'd made hadn't happened, as far as is reasonably practical. But Mr W has had the loan(s) and used the money, so it's right that he should repay what he borrowed as he has had the benefit of those funds. Creditspring's business model means that no interest was applied to either of Mr W's loans, but I don't think it's fair and reasonable that Creditspring should apply any additional fees and/or charges incurred by Mr W because of the credit unfairly extended to him.

Responses to my provisional decision

Mr W accepted my provisional decision.

Creditspring haven't provided any further representations for consideration.

My final decision

I uphold this complaint. And ask Inclusive Finance Limited trading as Creditspring to:

- remove all fees and charges applied to Mr W's lending from the outset. The payments Mr W has made should be deducted for each of the new starting balance(s) – the amount originally lent. If Mr W has already paid more than this, then Creditspring should treat any extra as overpayments. And any overpayments should be refunded to Mr W;
- adding interest at 8% per year simple on any overpayments, if any, from the date they were made by Mr W to the date of settlement*

- any adverse information about the unfair lending should be removed from Mr W's credit history. Or
- if an outstanding balance still remains due then Creditspring should try and work with Mr W to repay what is owed. And once any outstanding balance has been settled remove any adverse information held on Mr W's credit file in relation to the unfair lending.

*HM Revenue & Customs requires Creditspring to take off tax from this interest. Creditspring must give Mr W a certificate showing how much tax they've taken off if he asks for one. If they intend to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 20 February 2026.

Anne Scarr
Ombudsman