

## The complaint

Mr B says Fairscore Ltd trading as Updraft ('Updraft'), irresponsibly lent to him. He says that it didn't take reasonable steps to ensure he could afford the repayments towards three loan agreements. He says that he had gambling problems that led to the lending being unsuitable for him.

Mr B's complaint has been brought by a representative and I've referred to Mr B and the representatives' comments as being from Mr B for ease of reading.

## What happened

This complaint is about three loan agreements that Mr B took out. Some of the information I've been provided about the loans is as follows.

- Loan 1 was started in June 2022, Mr B borrowed £2,000. It had a term of 36 months, and the repayment was £76.99 a month. It was repaid in April 2023.
- Loan 2 was started in September 2023, Mr B borrowed £6,500. It had a term of 49 months, and the repayment was £216.30 a month. It was repaid in August 2024.
- Loan 3 was started in May 2024, Mr B borrowed £10,000. It had a term of 44 months and the repayment was £351.45. It was also repaid in August 2024.

Mr B has complained to Updraft. Updraft considered this complaint and it didn't uphold it. It felt that it hadn't lent to Mr B irresponsibly and it believed the checks it made were proportionate. It said it was reasonable to assume that Mr B was consolidating debt as he said. Mr B didn't agree with this and brought his complaint to the Financial Ombudsman Service.

Our Investigator didn't uphold Mr B's complaint. He thought that for loans 1 and 2 the checks Updraft had made were proportionate and showed the loans were likely to be affordable for him. They didn't think Updraft had made proportionate checks before loan 3, but they thought that if Updraft had made better checks that it still would've lent as the information Mr B provided showed the loan would still have looked to be affordable for him.

Mr B didn't agree with the Investigator. He said that they placed too much weight on modelled data, it undervalued real-world borrowing behaviour and applied hindsight selectively. He also said the Investigator departed from established Financial Ombudsman Service lending principles.

There was some further correspondence, but no new issues were raised. Because Mr B didn't agree, this matter has been passed to me to make 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've set out our general approach to complaints about unaffordable or irresponsible lending on our website, and I've taken this into account in deciding Mr B's case.

The details of the checks made and the information about Mr B's circumstances are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my decision. And respond to the issues that Mr B's representative raised in response to our Investigator's opinion.

I've decided the loans were provided fairly because:

- I think the checks Updraft did before providing loans 1 and 2 were reasonable and proportionate given the size and terms of the loans, and what it knew about Mr B's financial situation.
- Updraft asked what Mr B's income was for these two loans and it verified this using some banking information that showed what he received into his current account. It also used credit reference agency ('CRA') data to find out about his existing debt and how much he was repaying to this. And lastly, it used what Mr B had told it, and statistical data, to estimate his expenditure.
- For loans 1 and 2, based on the information Updraft gathered and what it knew about Mr B's circumstances, there was nothing to suggest Mr B was likely to be unable to sustainably repay what he was being lent. Mr B had some existing credit before both loans, and this had increased before loan 2, but he was repaying this without problem. The new loans were for debt consolidation, but even if he didn't do this Mr B would have enough left over to repay the lending. This was because, overall, he had a reasonable income, but his essential expenditures were relatively modest as he was living with his parents.
- Before loan 3 I don't think the checks Updraft did were reasonable and proportionate given the increased size of the new loan and what it knew about Mr B's financial situation. The checks it did were like those it performed before loans 1 and 2. The main difference seems to be that it didn't look at banking data to confirm Mr B's income, Updraft used a tool provided by the CRA to do this. Much of the information was the same but I do note that the amount of debt Mr B had increased again before this loan was started. Given this increase in indebtedness, I think Updraft should have looked in more detail into Mr B's circumstances.
- Based on the information Mr B provided about his circumstances at the time, I don't think it would be reasonable to say that had Updraft made better checks that it would have found out that Mr B would be unable to sustainably repay what he was being lent.
- This is because his income had increased and his outgoings were still relatively low. Whilst he did have a greater amount of debt, he was still managing to repay this and the new loan amount, added to his existing credit repayments, still looked to be affordable. Mr B had been able to repay his earlier Updraft loans without a problem, and I've not seen he had any other repayment, or other, financial problems.
- Mr B says that he was gambling. But I know that Updraft didn't look at his banking information before loan 3 (it had earlier looked at open banking information in respect of his income only). And Mr B didn't disclose this to Updraft. So, Updraft wouldn't have known about Mr B's gambling and so it wouldn't be fair to say it should have factored this in. But in any event, having looked at the bank statements he has provided, it isn't always obvious that he was gambling. I don't think that Mr B's complaint should be upheld due to his gambling.

- I've found that the checks weren't proportionate before loan 3. This doesn't mean the complaint should be upheld. As I've said above, even if proportionate checks weren't made, I then need to look at what better checks would've shown. Essentially, I agree that the reliance on CRA information and 'modelled data' wasn't quite right for loan 3. But I've found that a more detailed check, however this was performed, wouldn't have shown to Updraft that it was wrong to lend. This would be considering, as I have done above, the increase in Mr B's indebtedness. And whilst I do look at complaints individually this is how I, and the Financial Ombudsman Service, would usually approach this kind of situation.
- I don't think Updraft acted unfairly in any other way.

This means I don't think Updraft did anything wrong when it provided the loans to Mr B.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Updraft lent irresponsibly to Mr B or otherwise treated him unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I know this isn't the outcome Mr B hoped for. But for the reasons above, I'm not asking Updraft to do anything to put things right.

### **My final decision**

My final decision is that I'm not upholding Mr B's complaint about Updraft.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 March 2026.

Andy Burlinson  
**Ombudsman**